

London	Sch 18	Indonesia	Rp 2500	Portugal	Ec 75
Batavia	Dm 1,850	Japan	Yen 100	Singapore	S\$ 100
Bombay	Rs 30	Malaysia	Mal 500	Taiwan	T\$ 100
Calcutta	Rs 100	Philippines	Ph 100	Thailand	Th 100
Canton	Yen 100	Sri Lanka	Lk 100	West Germany	DM 100
Cebu	Ps 100	USA	Dollar 1.00	Yemen	Yem 100
Colon	Bs 100				
Hankow	Rmb 100				
Hong Kong	HK\$ 100				
India	Rup 100				

# FINANCIAL TIMES

What the future holds  
for Continental  
Illinois, Page 19

EUROPE'S BUSINESS NEWSPAPER

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Wednesday May 16 1984

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## NEWS SUMMARY

### GENERAL

#### Nato plan to work closer on arms

Nato defense ministers agreed in Brussels to work together more closely in Europe on arms production. It was agreed that the first step would be to harmonise weapon systems requirements. But, ironically, the ministers decided that co-operation on arms production as a whole could best take place in a non-Nato body. **Page 2**

#### More Beirut shelling

Christian and Moslem militia shelled residential districts in the evening after a day of sporadic sniping along the "Green Line" dividing the city centre.

#### 'I feared execution'

Mrs Lyudmila Miller, wife of British banker Dennis Skinner who fell to his death from an 11th floor Moscow flat, told a Croydon, England, inquest that she feared she could be executed for betraying her homeland. She said that her husband had contacts with the KGB and British intelligence, and that she had "seized" KGB operations.

#### Touch of capitalism

Chinese Premier Zhao Ziyang advocated a touch of capitalism to improve the economy. He also told the National People's Congress that talks with Britain on Hong Kong had made progress, and that British commercial interests would be protected after it reverted to Chinese rule. **Page 3, British MPs debate Hong Kong today, Page 6.**

#### Namibia accord 'near'

Namibian President Kenneth Kaunda said that talks on resolving the Namibian conflict were near to a breakthrough. **Interview, Page 3.**

#### U.S. couple freed

Tamil separatists in Sri Lanka released to the Bishop of Jaffna the American couple, Stanley and Mary Allen, whom they had kidnapped five days before.

#### Irish complaint

The Irish Government has complained to Britain about the questioning of former Foreign Minister Michael O'Kennedy at Birmingham airport under the Prevention of Terrorism Act.

#### Cyprus buys arms

Cyprus is to buy more weapons for its National Guard, and is considering increasing from 0.5 per cent to 5 per cent the defence tax on salaries introduced in January. **Page 2**

#### Greek crew charged

A Greek captain and 11 crew (eight Greek and three Pakistani) were charged in Piraeus with pushing 11 Kenyan stowaways from a cargo ship into shark-infested waters off Somalia.

#### Art theft sentences

Three Hungarians were jailed, one for 11 years, for their part in a conspiracy to steal seven paintings from the Budapest Museum of Fine Art.

#### Soviet casualties

Soviet forces have suffered at least 500 dead and wounded in the past week to 10 days in their assault on Afghanistan's Panjshir Valley, according to western diplomats in Islamabad.

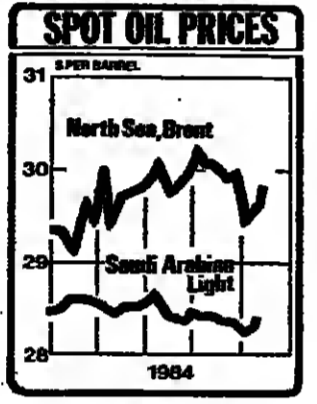
#### Danube canal delay

Romania has postponed, without explanation, the opening of a 84 km canal from the Danube to the Black Sea.

### BUSINESS

#### Confusion on Peru's IMF loan terms

CONFUSION reigned among foreign bankers yesterday about Peru's unwillingness to stick by its recently approved International Monetary Fund (IMF) programme after senior Government officials denied reports that Peru wants to revise the terms of its agreement. Sir Brian Jensen, general manager of the central banks said that the reports were "completely false." Earlier news agency reports from Lima had quoted Prime Minister Sr Sandro Mariategui as saying that Peru could not repay its \$12.6bn foreign debt if it stuck to the IMF terms. **Page 15**



OIL: North Sea oil prices rose on stronger demand due to Gulf hostilities. Buyer-seller rate for Brent Blend was \$29.75-\$29.95, 25c up from Monday. Arabian Light rose 8c to \$28.95-\$29.45.

DOLLAR was easier in London in nervous trading. It fell to DM 2.7485 (from DM 2.757), Ffr 3.4625 (Ffr 3.493) and SwFr 2.275 (SwFr 2.2785), but improved to Y231.85 (Y231.25). The Bank of England trade weighting eased from 131.7 to 131.5. In New York it was DM 2.734, Ffr 3.375, SwFr 2.261 and Y230.90. **Page 45**

STERLING fell 5 points to \$1.3675 and to DM 3.8175 (DM 3.8275). Ffr 11.74 (Ffr 11.8325) and SwFr 3.16 (SwFr 3.185), but improved to Y322 (Y321). Its trade weighting was down from 80.1 to 79.9. In New York it closed at \$1.391. **Page 45**

GOLD rose \$0.5 in London to \$373.5. In Frankfurt it gained \$1 at \$373.5, and in Zurich \$0.5 at \$373.75. **Page 44**

LONDON: FT Industrial Ordinary index was up 4 points at 878. Some government securities showed marginal gains. **Report, Page 39. FT Share Information Service, Pages 40, 41.**

WALL STREET: Bond prices were marked higher in early trading. The new 13.25 per cent Treasury long bond was more than a point up at 99 1/8. At the close the Dow Jones industrial average was 6.07 down at 1,151.07. **Report, Page 35. Full Share Prices, 36-38.**

LOYD'S, London's international insurance market, is to bar 34 "undesirable business producers" from its trading floor. **Page 7**

CANADA has protested against a U.S. plan to sell oil exploration and development licences over 25m acres of sea bed off the northern coast of British Columbia.

FRENCH court deferred judgment for two days on a request by Citroën for an order to end occupation of a car factory. **Page 2.**

The editorial content of today's International edition has been restricted because of continuing international action by IG Druck and Papier at Frankfurt Societas-Druckerei, where the edition is printed. This prevents the publication of late-breaking news, the final Wall Street report and closing U.S. over-the-counter and Canadian share prices.

## British Aerospace and Thorn EMI explore merger

BY MICHAEL DONNE AND ALEXANDER NICOLL IN LONDON

Thorn EMI, the UK electronics group, said yesterday it had initiated discussions with British Aerospace, maker of aircraft and weapons, which could result in a recommendation for the merger of the two companies.

A combination would produce a group with a turnover of more than £5bn (\$6.9bn) and products ranging from televisions to jet fighters. Whether it will proceed will depend heavily on the British Government, which owns nearly half British Aerospace.

Sir Austin Pearce, chairman of British Aerospace, disclosed that Thorn EMI had made an approach at BAE's annual meeting in London yesterday. After the meeting he said the matter was still in its "very, very early days" and it would probably be some weeks before further comment could be made.

The chairman of Thorn EMI, Mr Peter Laister, who assumed the position only last month, said yesterday: "It has been a very important part of our strategy to develop in the area of high technology - those areas where we see future growth." So far discussions have been only informal and have not touched on merger terms. Initial reaction to the news in UK financial circles was of scepticism about the benefits of the deal for Thorn EMI. These sentiments were reflected in the sharp reaction of the two companies' share prices, with British Aerospace jumping 85p to 322p and Thorn EMI falling 32p to 583p.

At the closing prices BAE was valued at £644m and Thorn EMI at £1.02bn. A stock market analyst said: "We feel this move is taking Thorn into a much riskier area." He cited the costs and uncertain prospects of BAE's civil aircraft manufacturing. Cash which is expected to be generated steadily by the existing Thorn group might have to be funnelled into development of BAE projects.

Analysis of Thorn EMI were not universally pessimistic, however. Some thought BAE might be a relatively cheap acquisition and that BAE's funding needs would not be too heavy. Despite the appearance of a lack of synergy between the

two groups, there would be areas of overlap, especially since Thorn EMI has been developing its defence electronics activities, they said. Mr Laister said: "I see no reason why the City (of London) should take a poor view." A merger would bring strategic benefits to both companies, he said, adding that Thorn EMI had wished for a long time to shift the balance of the group's activities away from being heavily consumer oriented and concentrated in the UK.

Thorn informed the Government of its plans shortly before telling the London Stock Exchange yesterday afternoon, Mr Laister said. Thorn EMI wants a deal to go ahead quickly, perhaps by reaching an understanding in principle before finalising detailed merger terms. Sir Austin Pearce ruled out the

Continued on Page 18  
Making the market gasp, Page 16; Lex, Page 18

## German employers set to lock out strikers

BY JAMES BUCHAN IN BONN

WEST GERMAN engineering industry employers said yesterday they would lock out workers in the strike-bound Stuttgart region from next Tuesday.

As the strike by IG Metall, the engineering union, at key motor component factories entered its second day, Audi NSU Auto Union, the Volkswagen subsidiary, became the second car manufacturer to announce it was shutting down production because of an expected shortage of components. Audi will close its two production plants in southern Germany from next Monday. BMW announced on Monday that it would start closing four factories this week, and two tyre-makers, Conti-Gummi and Uniroyal, are considering short-time working for some employees. IG Metall, which has 2.6m members nationwide, yesterday added only one more factory to the 14 key component-makers where on Monday it called out members in support of its demand for a 35-hour working week.

The conflict seems bound to increase in both disruption and bitterness, however, with warning strikes due in the Ruhr later this week. A second round of selective strikes will start from next Monday in the Frankfurt region, which will affect production at Opel in Rüsselsheim, the General Motors subsidiary which is West Germany's third-largest car producer. Yesterday, the union bitterly criticised as "arbitrary" the lock-out decision by employers in the northern Baden-Württemberg region around Stuttgart. Employers will decide on Friday what form the lock-outs will take, but Herr Hans Peter Stihl, the local employers' spokesman, said the union must be prevented "from extending the strike for weeks and

## Chicago Fed went to aid of Continental Illinois

By William Hall in New York

THE FEDERAL Reserve Bank of Chicago provided temporary financial help to Continental Illinois, the eighth largest bank in the U.S., before the \$4.5bn "safety-net," announced on Monday, was put in place.

Continental Illinois confirmed yesterday that it had teleaxed its major overseas depositors during the weekend explaining that because of the interruption in its normal funding operations caused by the spread of rumours, it had exercised its ability to borrow from the Fed to cover temporary liquidity imbalances. It went on to detail the support that was available from the Chicago Fed if its liquidity problems persisted.

Bankers in New York said yesterday that the announcement of the standby facility for Continental Illinois had led to an improvement in confidence in the money markets but noted that Continental Illinois certificates of deposit (CDS) were still trading at a premium of about 50 basis points above comparable paper of other big U.S. banks. Bankers noted that this sort of premium is an expensive penalty and they would expect it to narrow considerably and eventually disappear when confidence is fully restored.

Mr Raymond Gare, executive vice-president of Cates Consulting, which specialises in analysing banks, said that the 30-day \$4.5bn standby facility for Continental Illinois was a "clear signal that the Fed and other large banks are willing to stand behind the bank, if that is the case the market will interpret that as meaning that no-one will let Continental Illinois fail."

While the money markets reacted positively to Monday's announcement from Continental Illinois shares fell by 3 1/2 early yesterday and were trading at \$12 1/2 yesterday lunch-time.

Wall Street bond prices were marked higher in early trading yesterday, signalling what dealers described as a "better tone" to the markets and, for the first time for several days, some slight, retail buying interest. Editorial comment, Page 16; Continental Illinois' future, Page 19

## Delors unveils plan to raise FFr 300bn

BY DAVID HOUSEGO IN PARIS

FRANCE WILL need to raise more than FFr 60bn (\$7.1bn) a year on the international capital markets over the next five years, M Jacques Delors, French Finance Minister, revealed yesterday.

He also said that France's outstanding foreign debt, which stood at FFr 451bn at the end of last year, will continue to rise - although at a declining pace - until 1987/88 when it will begin to decline in nominal terms. Until now, M Delors has set an objective of reducing France's foreign debt as from 1985-86.

The unexpected disclosure yesterday of France's anticipated long-term foreign borrowing programme, backed by detailed figures on the country's debt service schedule in the coming years, was made in an effort to discredit a far more damaging picture of France's foreign indebtedness also published yesterday by a Senate Committee of Inquiry.

The senate report, which is bound to precipitate a major political controversy, puts the overall size of France's foreign debt at FFr 600bn. The report, which Socialist senators refused to sign because they considered it misleading, dramatises the picture by saying that every Frenchman at present owes the country's creditors FFr 13,000 (\$1,500). The report, however, includes almost FFr 150bn of cumulative short-term debt incurred by banks in its calculations, although this is normally excluded from international debt figures. The report also estimates that by 1988, or at the end of President Mitterand's presidency, France will face a debt-servicing burden of FFr 140-150bn in capital and interest payments due that year. This is on the basis of an end-1983 medium and long-term debt of FFr 451bn and of heavier additional borrowing in the coming years.

According to the scenario prepared by the Ministry of Finance, total debt servicing payments (principal and interest) will rise from FFr 66bn this year to FFr 71bn in 1985 and FFr 119bn in 1988. This estimate assumes that interest rates remain at their end-1983 level and that the dollar will fall to an average rate of FFr 8 this year and subsequently to FFr 7.60. It also takes into account a net increase in the foreign debt of FFr 44bn this year, declining to an increase of FFr 8bn in 1981 before the debt actually falls by FFr 5bn in 1988. The anticipated new foreign borrowing in summit prospects seen, Page 2

## Allianz drops plans to buy Arco unit

BY TERRY DODSWORTH IN NEW YORK

ALLIANZ Versicherung, the West German insurance group, has pulled out of talks on the acquisition of the property and casualty insurance activities of Arco, the U.S. steel and energy group.

Arco announced at the end of January that it was planning to sell its insurance business, which became a drag on earnings last year during the escalating crisis in the U.S. property and casualty industry. Allianz was then given exclusive negotiating rights.

In a short statement, the West German company said that it was abandoning the deal because Arco's activities "would not fit our plans to consolidate and expand our insurance activities in the U.S.", Allianz, which is regarded as an aggressive newcomer in the U.S. market, did not elaborate on these plans. Because of the exclusive negotiating arrangement with Allianz, Arco is not now in talks with any other potential buyers. The company said yesterday that it had received offers from other sources and was still intent on selling the insurance business. No price has been put on the Arco insurance business, which was built out of an amalgamation of the company's own insurance activities and NN Corporation, a Milwaukee company acquired in a paper deal worth \$399m in 1980. In the first quarter of this year, however, Arco set aside a \$105m provision against the disposal of the insurance unit, which made a small operating loss in the period.

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EUROPEAN NEWS

REPORT CALLS FOR CONCERTED FISCAL EXPANSION WITHIN EEC

UK and W. Germany urged to lead jobs fight

BY JOHN WYLES IN BRUSSELS

A DISTINGUISHED team of international economists today urges EEC governments to attack unemployment levels by placing Britain and West Germany in the vanguard of concerted but temporary refation.

The report was drafted by Professor Richard Layard, of the London School of Economics, and in part reflects his work on potential use of the taxation system to encourage job creation.

Swiss put environment before clean clothes. SWITZERLAND HAS decided to put its concern for a clean environment ahead of its concern for clean clothes.

Europe to step up Nato collaboration on weapons production

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN BRUSSELS

NATO'S EUROPEAN defence ministers agreed last night on the need to take steps to improve collaboration within Europe on the production of arms.

Ten reach broad agreement on regional fund reforms

BY OUR BRUSSELS CORRESPONDENT

EUROPEAN COMMUNITY governments have chalked up another important reform after three years of frustrating negotiations by reaching broad agreement on revisions to the regional fund.

Table with 3 columns: EEC REGIONAL FUND, % share of current fund, % upper and lower limits in revised fund. Rows include Belgium, Denmark, West Germany, Greece, France, Ireland, Italy, Luxembourg, Netherlands, Britain.

The final breakthrough in negotiations was made by foreign ministers late on Monday evening. They adopted the Commission's proposal for quota ranges which guarantee member states minimum shares of

age governments to develop regional development programmes to be financed in line with Community objectives. Ministers also agreed that the rate of EEC financing would be generally fixed at 50 per cent of the cost of a programme.

Bonn pressure may put brake on lead-free petrol drive

BY PAUL CHEESRIGHT IN BRUSSELS

THE EUROPEAN Commission has resolved all but one of the main technical problems involved in defining a proposal for the introduction of lead-free petrol throughout the EEC.

and these emissions are also linked to the quality of petrol. It is at this stage that the Commission confronts the wider issue, into which the lead-free question settles. Again there are EEC standards for exhaust emissions.

when it comes out of the laboratory and into production. The "lean-burn" engine has high compression ratios for their introduction without specifying the technique to be used.

New head of IEA named

By David Marsh in Paris

ONE PIECE of the jigsaw of senior staff changes at the Organisation for Economic Co-operation and Development slipped into place yesterday with the announcement that Frau Helga Steeg, of the West German Economics Ministry, is being appointed executive director of the OECD's sister organisation, the International Energy Agency.

Government intervenes in Citroen dispute

BY PAUL BETTS IN PARIS

PRODUCTION continued to be blocked by a workers' sit-in at the three Citroen plants in the Paris area yesterday, as the French Government launched a round of urgent consultations to try to defuse a potentially serious labour and political conflict.

shop employing 680 people in the Paris region at St-Ouen. M Pierre Bergego, Social Affairs Minister, met the key players in the Citroen dispute yesterday and is due to continue his consultations today.

All parties in the dispute appear keen to avoid a further escalation to a similar traumatic situation to the labour clashes at Peugeot's Talbot car plant at Poissy earlier this year.

Unemployment and tax burden set to rise

BY DAVID HOUSEGO IN PARIS

FRENCH unemployment and people's tax on social security contributions will continue to rise until the end of M Francois Mitterrand's presidency according to a variety of economic scenarios prepared by Insee, the official statistics institute for 1984-88.

mission show what limited room there is for more economic growth if the priority of policy is to stabilise foreign debt by generating a current account surplus. They foresee French economic growth remaining lower than that of its main trading partners averaging 1.4-2.5 per cent.

ducing individuals purchasing power. Inflation, in the "most likely" examples, falls to 3.4-3 per cent annually, leaving the franc strong against the D-Mark.

French see change in prospects for summit

BY OUR PARIS CORRESPONDENT

THE PROSPECTS for next month's world economic summit in London have radically changed over the past few days, according to senior French officials. The "Sherpas," or officials preparing the ground for the meeting of heads of government of the seven main industrialised nations on June 7-8, are expected to inject more substance into the agenda when they meet over the weekend.

rates; the statements by Argentina on the difficulties that it and other Latin American countries will have in meeting their debt servicing obligations; and the problems of Continental Illinois, the U.S. bank for which a \$4.5bn rescue package has been mounted.

of an agreement reached with Washington in April last year on exchange rate intervention. Both the debt and exchange rate problems are expected to be taken up at a meeting in Paris today of deputy finance ministers from a Group of Ten industrialised countries.

Kohl to put tax amnesty Bill before Parliament

BY RUPERT CORNWELL IN BONN

AN UNREPENTANT Chancellor Helmut Kohl last night served notice that he intends to bring the Government's controversial tax evasion amnesty before Parliament—whatever the criticism against it and the slim chances of its approval.



M Delors (left): Concern over U.S. rates

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OVERSEAS NEWS

China defends HK policy ahead of Commons debate

BY MARK BAKER IN PEKING AND ALAIN CASS IN LONDON

ZHAO ZIYANG, the Chinese Prime Minister, yesterday defended China's policies for resuming control of Hong Kong. But he also promised a statement ahead of the House of Commons debate on the colony's future, that British commercial interests there would be protected.

Zhao told the National People's Congress that China had given full consideration to the history and present conditions of Hong Kong in formulating its plans. "These policies are in the fundamental interests of the people of the whole country, including our compatriots in Hong Kong. They are realistic and reasonable," he said.

Referring to foreign interests in the territory after 1997, Mr Zhao said: "Due regard will be given to the economic interests of Britain and other countries in Hong Kong." Zhao's statement also coincided with talks in London between the delegation of Hong Kong legislators and Foreign Office ministers.

New strategy announced on enterprise taxation

BY OUR PEKING CORRESPONDENT

CHINA has announced new measures to expand the replacement of the old system of taxation and to give industrial enterprises much greater freedoms in managing their own affairs.

The measures were detailed yesterday by Zhao Ziyang, the Chinese premier, who said they would stimulate productivity and efficiency and "do away with egalitarianism in distribution." Zhao announced that from the last quarter of this year various forms of taxation would be introduced gradually to enterprises throughout China and

the old system of enterprises merely handing over their earnings to the state would be abolished. The taxation system has been introduced in various sectors of the Chinese economy since last year on a trial basis. The enterprises have been able to retain some of their profits to distribute as bonuses or to expand production.

Zhao said very good results had been achieved from the first step and implementation of the new system throughout the country would be "of vital significance" in boosting production.

Peace movement backed

BY OUR PEKING CORRESPONDENT

CHINA has backed the international peace movement as a powerful force to prevent another world war. The Chinese premier, Zhao Ziyang, said the big anti-nuclear movements in the U.S., Western Europe, Japan and other countries were helping to restrain superpower confrontation.

"The one billion people of China stand firmly on the side of those safeguarding world peace and strongly support all just endeavours for world peace," Zhao told the opening session of China's National People's Congress.

He said the growth of the peace movement was "something in the life of the world today which merits great attention."

"It demonstrates the strong desire of people of all countries for peace and disarmament."

Zhao's remarks indicate a substantial shift in China's thinking on the issue. Only two years ago, official Chinese publications referred to the "strange illusions" of pacifists in the West, and claimed that the peace movement was manipulated by the Soviet union.

Kaunda hopes for Namibia formula in weeks

BY MICHAEL HOLMAN IN LUSAKA

FURTHER developments in efforts to resolve the Namibian conflict could take place "in weeks rather than months," Dr Kenneth Kaunda, the Zambian president, said yesterday. He held out hopes that a formula was within reach which would overcome South Africa's objections to the Cuban presence in neighbouring Angola.

Speaking in the wake of the Lusaka conference on the future of the territory which ended inconclusively on Sunday night, Dr Kaunda said that the talks had come close to a major breakthrough in the 18-year guerrilla war.

Given an extra day, he said,

participants "could have clinched a deal" based on a conference document affirming United Nations Security Council resolution 435 as the basis for independence, calling for a ceasefire, and asserting that the withdrawal of Cuban troops from Angola should not be a precondition for a settlement.

Such an agreement, said the President, would have been signed by the South West African Peoples' Organisation (Swapo), which is conducting the guerrilla campaign and Dr Willie Van Niekerk, the South African Administrator-General of Namibia. Two "internal" parties would have reserved

their position on the linkage of the withdrawal of the Cuban troops to a settlement. Dr Kaunda stressed the potential significance of statements in the South African Parliament last week by Mr Pik Botha, the Foreign Minister. Speaking before the Lusaka meeting the Foreign Minister repeated his Government's intention to abide by the wishes of the Namibian people, while also saying that the question of Cuban withdrawal from Angola would become "hypothetical" in the event of a joint demand for independence emerging from the Lusaka talks.

Had the sought-after agreement been reached, Dr Kaunda said, Dr Van Niekerk would have been asked to convey the views of the Lusaka delegates to the South African Prime Minister. "We would have asked him to translate that (statement) into action."

The President made it clear that his interpretation of the Cape Town statements was that South Africa's previously stated demand that Cuban withdrawal be a precondition to a settlement would have to fall away should all parties at Lusaka reach unanimity in their demand for independence. There has been considerable

speculation in Lusaka that under an effective quid pro quo, South Africa would drop or moderate its insistence on Cuban withdrawal should the substantial UN military and administrative role under resolution 435 be reduced.

When this possibility was put to him yesterday, Dr Kaunda responded cautiously, saying it would be "difficult" and "dangerous" to depart from the contents of 435 "in any shape or form." But he said: "We would rather have 435 implemented fully, and if in the process the UN itself thinks it can shortcut some of its own agreed procedures, they would be the best people to judge."



Kaunda... optimistic

Inflation at new peak in Israel

By David Lenson in Tel Aviv

ISRAEL'S record-breaking hyperinflation reached new heights in April when prices rose by 20.6 per cent. Inflation in the first four months of 1984 was 72 per cent, equivalent to 406 per cent on an annual basis.

The sky-rocketing inflation, which is now more than double the 1983 rate of 190 per cent, is likely to halve the prospects of the Likud Government in the July General Election.

The cost-of-living index which was announced yesterday by the Central Bureau of Statistics was the highest ever for April and is the second highest for a single month. Last October, the price increase was 21.1 per cent, but that came after a 23 per cent devaluation of the shekel against the dollar.

The International Monetary Fund (IMF) warned recently that Israel's inflation level is endangering the entire economic system in Israel. It urged the Government to take more vigorous steps to curb price increases.

Mr Yigal Cohen-Orgad, the Finance Minister, admitted yesterday that the steps he had taken since the October crisis to reduce the burgeoning balance of payments deficit had contributed towards the acceleration in inflation. But he insisted that the alternatives would have been a sharp growth in unemployment.

However, earlier this week, the statistics bureau announced that unemployment had increased 43 per cent in the six months October to March and it now stood at 80,000, some 5.7 per cent of the work force.

With elections due in late July, the Finance Minister is under pressure from his Cabinet and party colleagues to abandon his current policies, and to resort to short-term tactics which would create a more positive economic climate in the run-up to polling day.

Mr Gad Ya'acobi, Economic Spokesman for the Opposition Labour Party, said April's inflation figure demonstrated the bankruptcy of the Government's economic policy.

Beirut schools protest shelling

BEIRUT - Schools in Christian East Beirut and nearby mountain areas closed down indefinitely yesterday in protest at the shelling which killed one schoolboy and wounded 20 of his classmates on Monday.

A statement from the teachers' bureau of the Christian Falangist Party, which controls the eastern sector, said classes would stop until further notice. It called on the Government to take a strong line against truce violations.

In mainly Moslem West Beirut, many parents kept their children at home for fear the Falangist-dominated "Lebanese forces" militia would carry out a threat to retaliate if any more shells hit the eastern sector.

In the event, the "green line" down the centre of the divided capital was quiet except for sporadic sniping between the rival forces - the army and the "Lebanese forces" in the East, Druze and Shia Moslem forces in the West.

Security sources said the only casualties they could confirm were three militiamen killed and one wounded on the western side of the

line while handling an artillery shell.

Lebanon's new Prime Minister, veteran Sunni Moslem politician Rashid Karami, met President Amine Gemayel in the hill suburb of Baabda to prepare for today's Cabinet meeting, which is expected to endorse a government programme approved by a committee of four ministers on Monday.

Details of the programme have not been released but political sources said it covered the Israeli occupation of South Lebanon and Moslem demands for substantial changes in the system by which power is divided along sectarian lines.

The sources said the relative ease with which the committee drew up a concerted programme had helped to restore public confidence in the two-week-old Government of National Unity.

The Government suffered a serious blow to its credibility last weekend when the ministers failed to prevent their private armies from shelling areas held by their rivals, killing at least 18 people and wounding about 80.

In a statement to "The Voice of the Mountain", the Druze militia radio station, Mr Karami said the "active forces" which had agreed to join the Cabinet were responsible for putting an end to the Lebanese conflict.

He said the militias should disengage right along the front lines, then withdraw, band in their arms and allow government forces to deploy in their place.

Asked about the government programme, the new Prime Minister said: "After everything that has happened, we really must lay the foundations of a new Lebanon through a new charter beaded liberation (of the south), security and reform."

Former President Suleiman Franjeh, the only major politician refusing to co-operate with the new Government, told a press conference yesterday that the ministers should put an end to the fighting if they wanted to show they were really working in the interests of Lebanon.

Bush optimistic on ties between U.S. and India

BY JOHN ELLIOTT IN NEW DELHI

INDIA and the U.S. edged cautiously towards a potentially greater understanding on international issues concerning South Asia and non-aligned countries during the past three days' visit to New Delhi by Mr George Bush, U.S. Vice President.

Before he left for Pakistan yesterday, having had talks lasting a total of four hours with Mrs Indira Gandhi, Indian Prime Minister, Mr Bush said there was the "basis for a strong and enduring friendship."

No matching optimistic statement was issued by the Indian Government which resents U.S. influence in surrounding countries such as Pakistan, Bangladesh and Sri Lanka. Mr Bush said he had assured India that U.S. defence supplies to Pakistan were "in no way meant to destabilise India or in any way adversely affect its interests."

"We do not want to see India threatened. We do not want to see encirclement. We do not want to see a militant Pakistan."

Yet the U.S. also had to be concerned about the Afghan refugee situation in Pakistan.

Talks between the foreign secretaries of India and Pakistan on friendship and no-war treaties between the two countries resume in Islamabad on Saturday, one day after Mr Bush leaves.

Mohammed Aftab adds from Islamabad: Mr Bush said here yesterday that he had come to Pakistan on behalf of President Reagan and the American people to reaffirm "our country's support for a strong, stable and independent Pakistan, at peace with its neighbours."

This was taken to mean a firm and clear assurance to Pakistan against a Soviet threat. Moscow continues to bedevil the security of this country as well as the oil-rich Gulf and the Middle East, as a result of the massive Soviet military presence in Afghanistan. The Soviets are currently maintaining 110,000 troops in Afghanistan, according to intelligence sources.

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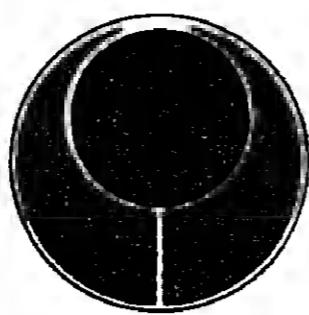
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Table with 2 columns: Bond Number and Principal Amount. Lists various bond numbers and their corresponding values.

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## HONG KONG 1984-1997

During the course of negotiations between China and Britain, public opinion in both Hong Kong and Britain has been focused on the fear that the economy of Hong Kong and the well-being of its people will be disadvantageously affected by the change in Hong Kong's status after 1997. Consequently, some limited flight of capital has resulted, some vocal management executives are contemplating emigration, and some Hong Kong companies are changing their constitutional position.

London Export Corporation Ltd., with many other companies, organisations and individuals—particularly in Japan and the United States—consider these doom-laden expectations misconceived and unrealistic. They ignore the immense new opportunities that now arise for Hong Kong as China's billion people speedily develop their economic power with vigour and resources on an unprecedented scale.

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## AMERICAN NEWS

# Honduran political pot bubbles

BY ROBERT GRAHAM, LATIN AMERICA EDITOR, RECENTLY IN TEGUCIGALPA

THE LID on political activity in Honduras is being lifted. In the wake of the ousting of the armed forces strongman, Gen Gustavo Alvarez Martinez, large demonstrations have been held calling for political freedoms and trade union rights, and the political docility of Honduras, chosen by the Reagan Administration as the backstop of its Central American policy, does not seem as assured as it was.

On May Day 60,000 people paraded through the narrow streets of the capital, Tegucigalpa. Another 40,000 marched through the second city, San Pedro Sula, Honduras' population of 4m is widely dispersed and such concentrations of demonstrators are rare.

Two months ago, they would have been unthinkable. Honduras was in the tight, increasingly repressive, grip of Gen Alvarez, and the civilian elected president, Dr Roberto Suazo Cordova, appeared to be unable to prevent the latter's accumulation of power.

"We have been an incipient democracy for more than 100 years," says columnist and satirist Sr Guatamo Fonseca. "Everything always happens here last, and they say that, in Honduras, lead floats and cork sinks."

On March 30 a group of officers arrested Gen Alvarez at one of his luxury homes near San Pedro Sula. He was man-handled into signing his resignation and bundled on to a flight to Costa Rica; thence, he has moved to Miami.

His downfall was the result of a barracks revolt—senior officers resented his reorganisa-

tion of the services' command structure, downgrading the traditional collegiate leadership. Others felt his political ambitions were becoming too naked and his military policy towards the Sandinista regime in Nicaragua too adventurist, according to Sr Efraim Diaz, the Christian Democrat deputy.

Civilians with links to the military also expressed their concern over Gen Alvarez's repressive methods: since he rose to power in early 1982 there have been 58 political killings and 105 "missing" persons, according to Dr Ramon Custodias, head of the Honduran Human Rights Committee, an unprecedented level of violence for Honduras. Gen Alvarez had also alienated his colleagues with his business dealings.

Even though his ascendancy stemmed from strong U.S. backing, senior Reagan Administration officials now concede he was "getting out of hand." But suggestions that the U.S. promoted his overthrow are vigorously denied, and it seems that Washington, caught unawares, sought at the last minute to ensure the outcome did not prejudice American interests in Honduras.

In the past two months the new military commanders, headed by Gen Walter Lopez, have returned to the cumbersome collegiate style of leadership. At least 16 senior officers have been retired, re-posted or despatched to distant embassies. President Soazo Cordova has been unable to oppose any of these changes. People in Tegucigalpa talk of the "new government" when it is only the military leadership that is new.

Sr Diaz says: "There is hope that we will have greater liberalisation but it is most likely that things will continue as before, with greater polarisation." Gen Lopez has a reputation of being pro-American and is popular because of his exploits as a pilot during the 1969 war against El Salvador. He has made it clear he wants to restore the military's image and combined with a more permissive attitude by the authorities to demonstrations, this has encouraged hope of change.

The military's intentions will be tested by their handling of the case of an electricity trades union leader, Sr Rolando Gonzalez. He disappeared on March 18 after organising a strike for higher pay. His supporters say that he was seized by members of the security forces under orders from Gen Alvarez, and since the beginning of May, trade unionists have mounted a weekly vigil outside the Presidential Palace demanding an inquiry.

Opposition politicians are sceptical of the military's capacity to purge itself and dismantle the security apparatus. Gen Alvarez still controls the death squads which he formed and has collected substantial sums of money from leading businessmen which he can still use, says Dr Custodias. Though in exile, he feels that Gen Alvarez, at 46, is as dangerous as ever.

More immediately destabilising is the amount of pent-up feeling released by his departure. A vocal minority is demanding that democracy function better; and in rural areas peasants have begun to insist on progress towards the agrarian reform which has been para-

lysed for more than five years. A sharp three-year recession is compounding discontent. Falling export prices for bananas, coffee, sugar and timber, coupled with lower tax receipts, forced a 9 per cent cut in this year's budget. The sole item to increase was debt service costs which rose 30 per cent. The trade unions are restless over unemployment of 25 per cent and wage restrictions.

The International Monetary Fund is pressing for sharp price increases in basic products and an end to the overvalued dollar-lempra exchange rate, which has remained since 1981 at two to the dollar.

U.S. economic assistance, this year worth \$165m, is vital, but the rapidly increasing American military and economic involvement in Honduras is having repercussions. The U.S.-backed policy of confrontation with Nicaragua and support for the anti-Sandinista rebels has favoured Honduras in many respects over a war footing, over which the new military leadership is far less openly enthusiastic.

The Americans are confident of their welcome in Honduras and the daily problems of the bulk of the population have little to do with whether the U.S. is in the country or not, according to Sr Fonseca. "The Press is controlled by people who support the status quo and the majority of the middle class prefers massive U.S. aid to being less dependent. A minority is against the Americans, but their voice was not heard until Alvarez left."

President Soazo Cordova and his military mentors face a balancing act between keeping the lid too tightly in place and lifting it off too rapidly.

## U.S. unlikely to back new debt initiatives

BY OUR WASHINGTON CORRESPONDENT

THE Reagan Administration does not see a need for any major new government initiatives to tackle the Third World debt crisis and will continue to support the existing strategy which the industrial world is following, a senior Treasury official has said. Speaking ahead of this week's meeting of the Organisation of Economic Co-operation and Development Ministers in Paris, the official said: "There is no chance in our overall approach,"

which, he added, puts the need for economic adjustment on the borrower countries "first and foremost."

His remarks suggest the U.S. will resist any calls for new steps to protect the Third World debtors from the effect of rising U.S. interest rates.

Some European officials have expressed mounting concern about the debt crisis suggesting that calls for urgent steps to protect debtor nations from rising interest rates could be a

feature of the economic summit in London next month.

In Washington, officials like Mr Martin Feldstein, the chairman of the Council of Economic Advisers, have called for a shift towards a policy directed more towards economic growth in the Third World.

Mr Paul Volcker, the Federal Reserve chairman, has also warned about the risk to the debtors of rising interest rates although he has pointed out too

that the countries are benefiting from strong U.S. economic growth.

Commenting on the impact of rising interest rates on debtors, the Treasury official said he did not see that another 200-300 basis point increase in interest rates would "put high debt less-developed countries in an unsustainable position." He said that faster economic growth in the OECD more than offsets higher interest rates.

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Luxembourg, May 1984

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WORLD TRADE NEWS

Britain signals change in stand on countertrade

BY ANDREW GOWERS

THE BRITISH GOVERNMENT yesterday signalled a change in its approach to countertrade, the controversial but increasingly widespread practice of trying to balance exports with reciprocal purchases, by launching a new, expanded guide to the subject for exporters.

The new report, and all delegates at yesterday's conference insisted that countertrade is more talked about than practised at present. The guide provides a brief resumé of countertrade practices and how they are applied in various parts of the world, as well as warning exporters of the pitfalls involved.

Vehicle curbs 'could hit international trading system'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

IF MAJOR trade flows in vehicles become permanently subject to restrictions it would be a significant blow to the international trading system built up since World War II and could exacerbate existing tensions in the automobile industry and between countries.

When the world economy revives, the global employment prospects in the automobile and components industries of the industrialised countries could, in the medium term at least, be stable. The report, by the OECD Secretariat, also suggests that, if manufacturers wish to survive by deriving the maximum benefits from competition, they will have to move towards greater co-operation by developing the appropriate industrial, technical and trading relations.

The report says that, while governments should keep intervention in the industry to a minimum, "it must be recognised that they cannot dissociate themselves from an industry which is a major supplier of jobs and is strategic, politically sensitive, and a source of technological progress."

Table with 4 columns: Annual percentage growth, Actual 1970-1980, 1980-1990, 1990-2000. Rows include North America, Latin America, Western Europe, Asia, Eastern Europe, and Total World.

mobile industry and there is some risk that more and more local content may be demanded. This would be detrimental to the future of the automobile industry as a whole. Dealing with the danger to world trade represented by limitations in the motor industry, the OECD declares: "In some rare cases, temporary trade measures may help a national car industry catch up on delays in technological investment."

Nippon Steel in Brazil ore shipping deal

TOKYO — Nippon Steel Corporation has signed a 10-year contract with a joint venture Brazilian-Norwegian shipping company for the carriage of 2m tonnes of Brazilian iron ore a year to be imported from the new Carajas project coming on stream in July 1988.

basic terms are fixed, Nippon Steel has not yet decided on detailed arrangements designed to reduce the cost of shipping the ore from Brazil. The contract states that two vessels each carrying about 300,000 tonnes of iron ore will make 34 round-trips a year, Mr Yoshida said.

Navigaco SAS and Norway's Wilh Wilhelmsen Ent Ltd As, who are building the new vessels. The Carajas project will send Japan 10m tonnes of iron ore a year when it opens in 1988. Nippon Steel will take a total of 4m tonnes, Mr Yoshida said. Brazil exported 24m tonnes of iron ore to Japan out of the total of 102m tonnes which it imported in 1983.

Mr Yoshida said the 10m tonnes a year from the Carajas project will not mean an increase in Japan's total imports. Some 5m tonnes will replace expired contracts with Latin America and South Africa and substitute for depleted sources world-wide, and the other 5m will come from a reshuffle of present Brazilian supply sources, he added.

ECGD backs Colombo loan

BY OUR TRADE STAFF

THE EXPORT Credits Guarantee Department has guaranteed a £15.6m loan to help finance the supply of goods and the construction of facilities for the development of the Colombo Airport in Sri Lanka.

lution of air trac control and navigational aid systems, together with airfield lighting and general utilities. Finance has been made available by Manufacturers Hanover Trust of the U.S. The contract has been awarded to GEC Electrical Projects of Rugby, Warwickshire, by Airport end Aviation Services (Sri Lanka).

Debt crisis could recur, New Zealand's PM warns

BY OUR TRADE EDITOR

UNLESS structural problems of the world economy are tackled, the recent debt crisis will recur in 1988, Sir Robert Muldoon, Prime Minister of New Zealand, said yesterday. The economic recovery being led by the U.S. was only a breathing space, Sir Robert told a meeting of the Overseas Development Institute in London.



Muldoon... 'foresaw crisis'

Political leaders had a duty to find a new mechanism for north-south dialogue that took into account the interdependence of economies, he added. Questions of trade, financial flows, external debt and the role of the international institutions should be examined by a "manageable number" of countries.

EEC, Japan open way to new round of trade talks

BY PAUL CHEESBRIGHT IN BRUSSELS

THE WAY forward to a new international round of trade negotiations, to succeed the Kennedy and Tokyo Rounds of the 1960s and 1970s, opened yesterday during talks between the European Commission and the Japanese Government. Both sides agreed in principle on the desirability of a new round, and Japan appears to have met EEC reservations about the need for preparation. They will continue their talks to define the objectives of a new round in parallel with work already going on at the General Agreement on Tariffs and Trade (GATT) in Geneva. This work programme is scheduled to finish by the end of this year.

and U.S. urging because it was not clear what they wanted from it. Mr Shintaro Abe, the Japanese Foreign Minister, listed four areas for negotiation in a new round: services, high technology trade, import safeguards, and agricultural trade. The last two are already the subject of talks at Gatt, following the ministerial council in 1982. The U.S. has been pushing for new international agreements on services and high technology without coming forward with precise proposals. Mr Abe led a Japanese delegation in the first joint ministerial meeting between the Tokyo Government and the Commission. On bilateral issues, the two sides agreed to set up a trade expansion committee as a means of dealing with technical problems associated with the growing deficit of the EEC on its Japan trade.

Philips-AT & T venture wins first big order

EINDHOVEN — Philips-AT & T Telecommunications, the telephone-exchange system joint venture, has received a contract to instal digital telephone exchanges in Barranquilla, Colombia. The order is the first major contract for the joint venture, which was established last year. The value of the contract was not disclosed for competitive reasons, an official said. In the first phase of the order, Philips-AT & T will instal three exchanges of the 5 ESS-PRX type, including 50,000 lines. Installation is to begin next year, and the systems, to be linked with optical fibre transmission equipment, are to be operational by early 1986. The second stage of the order, comprising additional exchanges and 50,000 lines, is still being negotiated and is expected to be concluded shortly. The 5 ESS-PRX equipment is to be manufactured in The Hague plant of Philips-AT & T and is being supplied in lieu of digital exchanges initially ordered in 1981 from Philips. AP-DJ

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On the sports part of

# UK NEWS

## Margaret Van Hattem previews the Commons debate on Hong Kong MPs resigned to colony's fate

CITIZENS OF Hong Kong are undeniably disappointed. In recent years their Government has spent lavishly in flying Westminster MPs to the Crown Colony and making sure their visits were enjoyable as well as instructive. Yet now that the chips are down and Britain is actually negotiating with Peking the ending of British sovereignty, the silence from the back benches in the House of Commons is deafening.

The Commons debate on Hong Kong today is likely to be a low-key affair. It is to be an adjournment debate, so a vote is most unlikely. Moreover, there is no real pressure on the Government to do anything different from what it is doing. One or two mavericks may catch the Speaker's eye but in general the Government is not being urged to stand up to China, to respect the paramountcy of the wishes of the Colonials or even to insist on watertight and enforceable guarantees.

General Galtieri's invasion of the Falklands sent most MPs scurrying to their attics. By contrast, it is estimated that between a quarter and a third of Westminster's 650 MPs have visited Hong Kong - as guests of the Hong Kong Government or of a private sponsor as diverse as the Hong Kong Friends of the Earth and the Hong Kong Swimming Teachers Association.

This has produced a loose knit group of 100 or more MPs who feel they know something about Hong Kong and are broadly sympathetic to its predicament. Several MPs are believed to have financial interests in Hong Kong though only two list these in the register of members' interests. Since Britain accounts for only 6 per cent of foreign investment in Hong Kong (compared with about 42 per cent from the U.S. and about 32 per cent from Japan) these financial interests are not considered substantial.

Nevertheless, whenever the Commons has debated issues like the Multifibre Agreement, the Nationalities Bill or even student fees, the interests of Hong Kong have always been spoken for. Important visitors from Hong Kong can always rely on a welcome - and an audience of Westminster.

But somehow, the Hong Kong group has not coalesced into a lobby on the interests of Hong Kong's future after 1997. The pressure on Sir Geoffrey Howe, the Foreign Secretary, to declare publicly that no new agreement with the Chinese would be preferable to a bad agreement, comes mainly from Hong Kong not Westminster. Most MPs, however sympathetic to the colony, accept readily what the Prime Minister was forced rather less readily to accept that Britain is in no position to dictate terms to Peking.

The main assurance of Hong Kong's future, suggests Sir Peter Blackburn, former Foreign Office Minister and chairman of the Anglo-Hong Kong parliamentary group is China's desire to preserve its prosperity and stability. He emphasises Hong Kong's role in earning most of China's hard currency and Peking's desire to demonstrate over the long term to Taiwan that reunification with the mainland need carry no terrors. He also argues that since the Chinese have never breached the current treaty, which they do not recognise, they are doubly unlikely to bridge a new agreement which they will have negotiated freely.

His views appeared to be widely shared. Indeed many MPs appear to believe that the main threat to Hong Kong's stability comes not from negotiations between the British and Chinese, which appear to be making smooth progress, but from the fears and "refuge mentality" of the people of Hong Kong themselves.

But there is a feeling among MPs that the present business and community leaders in Hong Kong are more interested in shifting responsibility and planning their escape routes than in taking risks. They cite rich businessmen with many homes and business interests in Europe and the U.S., and professionals who are acquiring qualifications in Australia and Canada. Whether the option of an escape route will give them sufficient confidence to stay in Hong Kong and assure its future is an open question.

## Unions seek "sunrise industry" recruits

THE LARGE unions this week announced recruitment drives in the largely non-union "sunrise" high-technology industries of the Thames valley, west of London.

The Electrical and Plumbing Trades Union (EPTU) said it was offering a package deal to employers - similar to some agreed elsewhere - providing for single union recognition of all staff and binding arbitration.

The EPTU says the latter point makes strikes unnecessary, although other unions accuse the union of signing away the right to strike.

The Association of Scientific, Technical and Managerial Staffs (ASTMS) also gave details of a recruitment drive among what it calls the Thames valley's "M4 professionals." (Many of the "sunrise" companies have established themselves close to the M4 motorway which runs west from London towards Wales.) The union already has about 40,000 professional and managerial members and organises in the larger computer companies such as ICL.

The scene could be set for a bitter recruitment war between the two old adversaries, although the long-recognised obstacles to union organisation in the new advanced electronics/computer-based companies proved too much for both.

The EPTU, which is starting a similar drive in Scotland, has characteristically put in the most background work and is confident that the smaller unions and relatively mobile and well-paid staff of the new industries will still need unions.

Mr Ken Biggs, an EPTU official at Reading in the Thames valley, has spent the past four months building up a dossier on more than 100 non-union high-tech companies from Reading to Bristol.

He said that many companies had taken the decision to move into the area partly because of the union-free culture. But he argued that many had a misguided view of union influence.

Mr Biggs said the union had already approached several companies with details of its binding arbitration "package" and its ability to train and retrain workers at its own college. "We have already had a positive response from some," he said.

Mr Eric Hammond, the union's general secretary-elect, said: "There is a lot of hostility to unions in the area, particularly among the small firms and the U.S.-owned."

"Our researches show there is a good deal of misunderstanding, often because it is the worst features of trade unionism that gain attention."

The EPTU plans to recruit all levels of staff and is concentrating as much on the small software companies as the large multinationals. ASTMS's efforts will focus on large manufacturing companies and particular groups such as their programmers or systems analysts.

ASTMS hopes to attract individual members first - rather than employer recognition - through a series of meetings in the next few weeks.

It has not had much luck from a similar drive launched in Scotland's "silicon Glen." But Mr Roger Lyons, an ASTMS official, said the union was sowing the seeds for the next decade of unionism. He also claimed, from experience of visiting and studying California's silicon valley, that many of the larger units there were now becoming unionised.

ASTMS propaganda appeals unashamedly to the values of the well-paid and status-conscious young professionals. "You are ambitious and not afraid to admit it," it states. "You are prepared to change your employer at critical periods during your career. The M4 professional is confident and optimistic but life is not without its difficulties."

Mr Lyons said those difficulties included lack of job security and negotiating expertise. "Many of these people could end up like 19th century agricultural labourers taken on for the harvest and then laid off when the profits are siphoned away," he said.

The union will be boasting about the number of £30,000 a year members it has and explaining how, for £3 a month, it can negotiate individual contracts as well as collective deals in the companies such as 3M, Ferranti, Racal and Gillette where it hopes to make inroads.

Ferranti recognises the union in Edinburgh but not at Bracknell in the Thames valley, where it says there is no demand. But many U.S. companies have a non-recognition policy towards unions.

New Issue  
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May 15, 1984

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These are but two examples of how Philips serves the business community throughout the world. For more information about Philips expertise world-wide, write to the Philips organization in your country or to Philips, VOA-0217/FT 7, Eindhoven, the Netherlands.

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**Watch Sky Channel on Friday May 18 - and enjoy Philips award-winning film Expertise World-wide.**

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	France	16.00 hrs	
	Germany	16.00 hrs	
	the Netherlands	16.00 hrs	
	Norway	16.00 hrs	
	Switzerland	16.00 hrs	
	United Kingdom	15.00 hrs	

UK NEWS

Retail spending recovers to record level

By Max Wilkinson, Economics Correspondent

SPENDING in shops rose sharply in April to a new record more than 3 per cent higher than the average for the first three months of the year...

Employers warn on interest rate rise

By Philip Stephens

THE CONFEDERATION of British Industry (CBI), the employers' body, warned yesterday that a further rise in interest rates could jeopardise Britain's economic recovery...

Fertiliser sales peak

By Carla Rapoport

BRITAIN'S AGROCHEMICAL industry showed an unprecedented advance in sales last year, achieving a 31 per cent jump in exports and a 26 per cent increase in overall sales...

Sealink bid ban angers P & O

By Andrew Fisher

PENINSULAR and Oriental Steam Navigation (P & O) and European Ferries both reacted angrily yesterday to the news that they would be excluded from the bidding for Sealink UK, the ferry subsidiary of British Rail...

MINERS' LEADERS FAIL TO ACHIEVE NATIONAL STOPPAGE

Moderates reject strike call

By John Lloyd, Industrial Editor

ATTEMPTS by the leadership of the National Union of Mineworkers (NUM) to persuade miners in Nottinghamshire and other Midlands coalfields to join the union's strike now appear to be hopeless...

Lloyd's authorities stamp on abuses

By John Moore, City Correspondent

THE RULING authorities of Lloyd's of London yesterday moved to stamp out further abuses within their insurance market...

Land Rover fortunes improve with big order for 110 model

By Kenneth Gooding, Motor Industry Correspondent

LAND ROVER, British Leyland's four-wheel drive subsidiary, has made a significant turn for the better this year after recording a trading loss of £14m on its UK operations last year...

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Toshiaki Tsuchiya, Managing Director, Nissan Motor Manufacturing (UK) Limited



The foremost characteristic of our company, which sets us head and shoulders above other Japanese automakers, has been our commitment to internationalisation...

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Importance Of Local Input

Looking ahead to the start of the U.K. project, Mr. Toshiaki Tsuchiya, Managing Director of Nissan Motor Manufacturing (UK) Limited, sees it developing pretty much along the same lines as the other Nissan overseas operations...

Safer, More Technically Advanced Cars

As part of Nissan's strong commitment to research and development, it spent £160 million in 1982 to develop the integrated Technical Centre in Japan...

commitment to research and development, it spent £160 million in 1982 to develop the integrated Technical Centre in Japan. Currently, there are some 8,000 R and D specialists among Nissan's Japanese work force of 60,000...

Out of this programme already

has emerged Nissan's vision of the future in the shape of its research vehicle NR-V-II, with a turbocharged, methanol-fueled engine and state-of-the-art electronics to enhance safety and save energy...

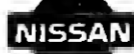
do not have the use of their upper limbs to drive by using an ingenious system of controls operated mainly by the feet. The same stress on advanced technology goes into Nissan's production facilities, which now feature one of the world's highest levels of robotisation and automation...

Within the next three years, some 400 to 500 British workers will have the chance to experience, first hand, the international management philosophy of Nissan...

Facts about Nissan

In December 1933, two existing Japanese companies formed the Datsun Company to produce Datsun cars. Exports began in 1934 and in the same year the company name was changed to Nissan Motor Co., Ltd. By 1940, Nissan was shipping its first knockdown sets overseas...

\*Quote from President Ishihara



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BASE LENDING RATES table with columns for bank names and interest rates.

Policy Of Extensive International Cooperation

According to company President Takashi Ishihara: "These events are significant since they embody two of Nissan's principal policies in overseas operations..."

### UK NEWS

## Britain and Japan plan to develop intelligent computer

BY CHRISTIAN TYLER, WORLD TRADE EDITOR

BRITAIN HAS accepted in principle a Japanese invitation to collaborate in the race to build the first intelligent computer.

The Government's decision does not commit any UK company, but computer firms and universities are being asked by the Department of Trade and Industry (DTI) whether there are areas of research into the so-called fifth generation computer that could usefully be pooled.

Japan's proposals are still vague, according to a DTI official yesterday. Dr Timothy Walker, recently seconded to the ministry's Alvey directorate, said he is to visit Japan next month in the hope of identifying specific projects in which British and Japanese scientists could join forces.

"Our response has always been not to turn down offers of co-operation," he said, "but obviously that's not the same as agreeing to do everything they want to do."

It would be for British companies such as ICL and universities to decide whether to offer working with Japan's Institute for the Generation of New Computer Technology (ICOT), was worth taking up. But the Government would want them to get involved in any propos-

al of interest to the UK, Dr Walker said.  
Japan's international trade ministry, MITI, has repeatedly sought European and American participation in its programme to make the breakthrough to artificial intelligence.

According to Mr Brian Oakley, director of the Alvey scheme, Britain seems to be the first country positively to accept the invitation. He said that the Government's decision to co-operate had been reached "in principle" in recent weeks.

There are said to be two or three areas already identified by the UK as ripe for joint research with the Japanese.

In the U.S., two teams of computer scientists have been assembled to work on the intelligent computer.

ICL, the largest British-owned computer manufacturer, is among those that have been sounded out by the Department of Industry. ICL has agreements with Siemens of West Germany and Bull of France for joint research. It also has an agreement with Fujitsu of Japan for the manufacture of integrated circuits of ICL design and the sale of Fujitsu's big computers.

## Bank of Boston starts UK factoring

By Our Financial Staff

BANK OF BOSTON yesterday launched a new subsidiary, Boston Financial, to serve the UK factoring and receivables financing market.

Until last year the U.S. bank was in the market through a joint venture with Lloyds and Scottish which these two banks bought out.

Mr Brian Sumner, general manager, said the company would aim at the high quality rather than mass market, serving companies with turnover between £0.5m and £20m.

Factors buy receivables off companies at a discount and take them on to their own books. It is a way for small companies unable to get large bank loans or unwilling to sell equity to raise capital.

Factoring has proved a risky business in the past and several large companies, including Barclays Bank, have pulled out. The major competitors now are National Westminster Bank and Midland Bank.

## Mercantile sets wider horizons

MR JOHN BARKSHIRE, chairman of Mercantile House Holdings, the international financial services group, this week announced a deal foreshadowed in February, which was the acquisition of a stake in stockbroker Laing & Cruickshank. What was unexpected and caught the City of London by surprise was a second deal - the acquisition of another discount house, Jessel Toynebe and Gillett.

Mercantile's purchase of a 29.9 per cent stake in Laing & Cruickshank was not unexpected although the name of the broker in which Mercantile was interested was not known until Monday.

"We have chosen to go down the discount house route," Mr Barkshire said, "and add to that a stockbroker because we feel that it is a better combination than just adding a stockbroker or market maker."

In February, Mercantile acquired Alexander's Discount, one of London's top five discount houses which act as intermediaries between the Bank of England and the banking system.

But Mercantile's expansion into the discount house world meant extensive rationalisation.

At Alexander's, about 17 of the 46 staff, excluding the six staff engaged in computer operations, are to go and at Jessel, Toynebe & Gillett 15 out of the 41 staff are also to go in one of the biggest corporate shakeouts since the financial service revolution got under way in London last autumn.

John Moore, City Correspondent, looks at the moves by Mercantile House, the international financial services group, to create a Wall Street type of investment bank through its purchase of a stake in stockbroker Laing & Cruickshank and the acquisition of another discount house, Jessel Toynebe and Gillett.

Mr Barkshire said that changes taking place in London would lead to a "new breed" of securities house emerging which look like a typical Wall Street investment bank.

These houses would be involved in all the markets. In the fixed interest markets they would be one of the primary dealers. In the equity markets, they would be a broker-dealer. They would have strong research and corporate finance and a well-spread customer network for distribution purposes. He said Mercantile wishes to be one of those major securities houses.

"As no such securities houses exist in London it is necessary to create one," he said. The Mercantile House strategy is to create a mirror image of the group's Oppenheimer Wall Street broking and investment interests.

Alexander's gave Mercantile a dealing and market making capability, particularly in certificates of deposit, Treasury bills, short-dated gilt-edged securities and other monetary instruments. That, said Mercantile, gave it a capital base

for its operations. The acquisition of Jessel Toynebe & Gillett added strength to the base, Mr Barkshire said.

"It will make us probably the third largest house. By combining the two houses we create a very strong management team. In the longer term, it gives a broader capital base to expand our activities, and create a more viable position to become a primary dealer."

Laing & Cruickshank, he said, would give Mercantile an institutional client list providing it with a distribution network which was essential for market-making business in both equities and gilts. It would also give Mercantile a presence on the floor of the central securities market in London, a corporate finance department with a wide range of clients and a research effort.

"One of the attractions for us at Laing & Cruickshank was the similarity in style between its business profile and outlook to that of Oppenheimer," Mr Barkshire said.

Jessel Toynebe & Gillett is one of the smaller discount houses and is a member of the elite London Discount Market Association.

Its structure evolved through a merger of Jessel Toynebe and Gillett Brothers in 1962. For the last financial year ending April 5 1984 it disclosed net profits of £1.8m compared with £2.17m. Its merger with Alexander's could give it a 14 per cent market share.

## Laker decision may not clear airlines

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE VIEW of a number of European airlines that the U.S. Justice Department has got them off the hook in the \$1.1bn anti-trust damages claim by the liquidator of Laker Airways may prove to be over-optimistic.

The Justice Department has given no reasons for its decision last week not to initiate any civil or criminal anti-trust action over allegations that a group of international airlines conspired to wreck a plan to restructure Laker.

It may well be that the considerations that influenced its decision had more to do with the impact of any anti-trust law breach on the U.S. than on any aggrieved private party.

Considerations of U.S. foreign relations may also have played a part, given the interest of a number of European governments.

The alleged re-financing conspiracy forms the basis of one part of the attack by the liquidator, Mr Christopher Morris of Touche Ross, in a Washington district court where he is claiming damages against 10 airlines - including British Airways and British Caledonian - and two McDonnell Douglas companies.

The Justice Department's grand jury is still investigating other aspects of the Laker collapse including, it is believed, allegations of

a conspiracy to destroy Laker by fare price-fixing. It is on that alleged conspiracy that Mr Morris has founded the other part of his case.

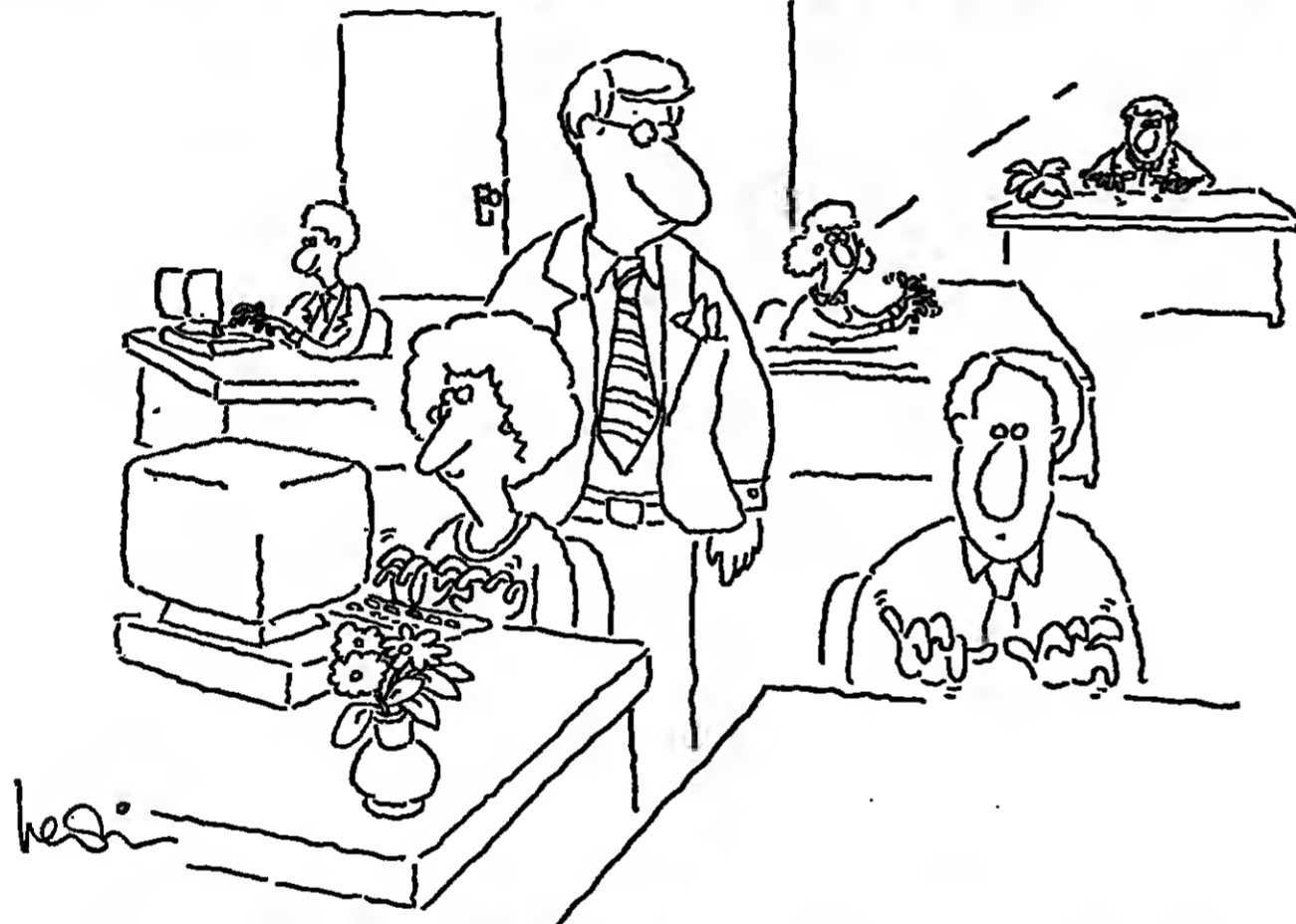
McDonnell Douglas and three of the airlines involved - BCal, Lufthansa, and Swissair - are taking the view that the Justice Department's decision removes them entirely from the grand jury investigation. They say they are not involved in any fare-fixing probe.

By the same line of reasoning, Lufthansa and BCal at least are of the opinion that the Justice Department has removed the basis for any civil claim against them by Mr Morris.

It would not be surprising to find others among the airlines Mr Morris has sued - Sabena, KLM, Scandinavian Airlines Systems and a French airline, Union de Transports Aeriens (UTA) - adopting a similar view.

Those who would appear still to be at risk from the grand jury are British Airways, Pan American and Trans World, who were Laker's competitors on the London-New York route. None of them is commenting on the Justice Department's decision or its implications for Mr Morris's action.

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	1984	1983
Turnover	2060	8000
Profit before amortisation, depreciation and taxation	705 518	688 066
Deduct:		
Amortisation of mining assets	233 002	229 451
Depreciation of refractory assets	16 266	11 029
	5 197	4 779
Profit before taxation	21 553	19 006
Deduct:		
Taxation - South African normal	211 539	210 443
-Deferred	24 911	29 100
	67 848	62 191
	92 750	91 291
Profit after taxation	118 780	118 182
Deduct: Profit attributable to outside shareholders in subsidiary companies	9 588	5 708
Profit attributable to shareholders of Amcoad	109 200	112 444
Dividends declared:		
No. 121 of 50 cents per share declared November 8 1983	12 220	12 220
No. 122 of 95 cents per share declared May 15 1984	23 218	23 218
Total dividends	35 438	35 438
Number of shares in issue	24 439 880	24 439 880
Earnings per share (cents)	446.3	464.2
Dividends per share (cents)	145.0	145.0
Interim	50.0	50.0
Final	95.0	95.0
Dividend cover	3.06	3.20
Net expenditure on fixed and mining assets	163 148	143 140

The annual report will be posted to members on or about June 4 1984.  
**DIVIDEND NO. 122**  
Dividend No. 122 of 95 cents per share (1983: 95 cents per share), being the final dividend for the year ended March 31 1984 has been declared payable on July 6 1984 to members registered in the books of the company at the close of business on May 30 1984. This dividend, together with the interim dividend No. 121 of 50 cents per share declared on November 8 1983, makes a total of 145 cents per share (1983: 145 cents per share).  
The transfer registers and registers of members will be closed from May 31 to June 17 1984, both days inclusive, and warrants will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about July 5 1984. Registered shareholders paid from the United Kingdom will receive the United Kingdom currency equivalent on June 4 1984 of the rand value of their dividends, less appropriate taxes. Any such shareholders may, however, elect to be paid in South African currency provided that the request is received at the offices of the company's transfer secretaries in Johannesburg or the United Kingdom on or before May 30 1984. The effective rate of non-resident shareholders' tax is 15 per cent.  
This dividend is payable subject to conditions which can be inspected at the head and London offices of the company and at the offices of the company's transfer secretaries in Johannesburg and the United Kingdom.

By order of the board  
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED  
Secretary  
per: A. H. J. Barendse  
Senior Divisional Secretary  
Registered Office:  
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Johannesburg 2001

London Office:  
40 Holborn Viaduct  
London EC1P 1AJ  
May 15 1984

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†subject to Government approval from June 1984

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# TECHNOLOGY

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## Sunrise industry takes stock

BY COSTIS STAMBOLIS, RECENTLY IN AMSTERDAM

SOLAR heating has not yet reached a mass market despite billions of dollars invested by governments and industry alike. So says Professor Brian Brinkworth, head of the solar energy unit at University College, Cardiff, a leading UK research laboratory on the subject.

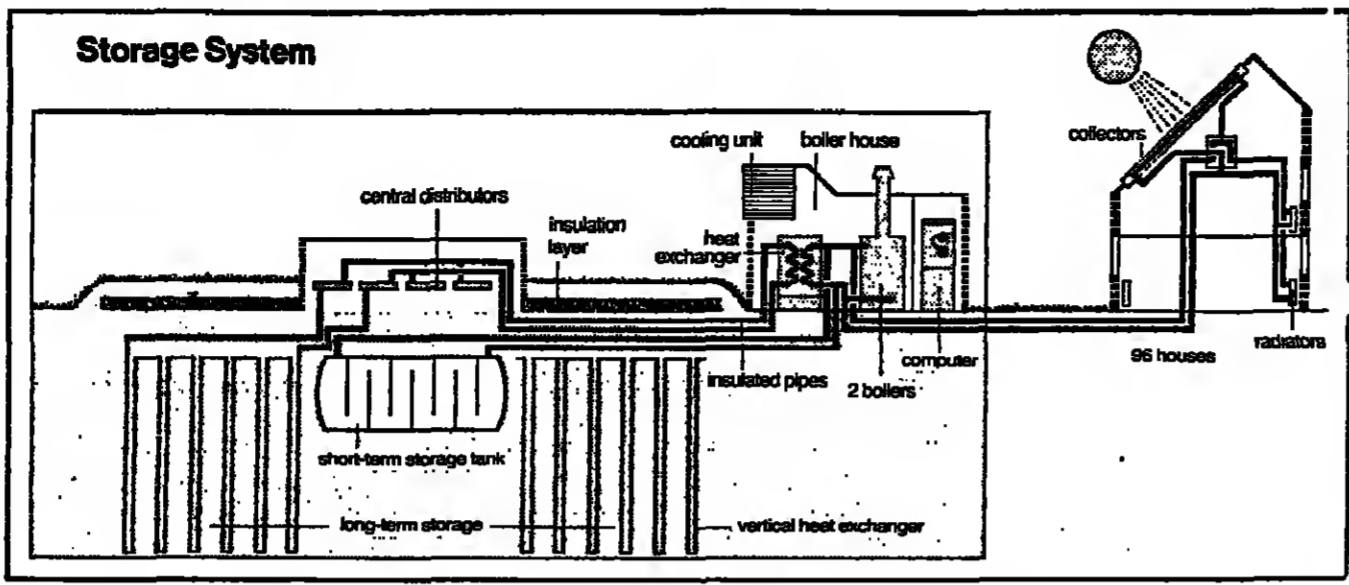
Prof Brinkworth was speaking as chairman of a recent conference run by the European Community in Amsterdam.

"Today," observes Brinkworth, "we are obviously in a much better position, technologically speaking, than we were in 1974 when most people started to become aware that solar energy could be successfully tapped. Many new components and materials have since been developed and we are also capable of carrying out reliable performance tests for solar collectors and designing solar systems using proven design methods."

"What clearly emerges from the discussions and the papers presented at this conference is that solar research should now concentrate in the development of systems which have defined performance and a combination of cost and service life which can make them economically competitive," said Prof Brinkworth.

Solar manufacturers tend to agree with researchers like Brinkworth and his American colleagues such as Prof Bill Beckman of the University of Wisconsin, who has pioneered the widely-used F-Chart design method. Beckman says: "Most of our design problems are now almost tackled, refinements could, of course, be made and more accurate solar radiation data obtained, but most important of all is to start applying now what we have learned and what we have already validated by many years of field trials. Solar industry together with architects and engineers involved in energy efficient design could benefit now especially as personal computers, for which our easy to use design methods are geared, are becoming more widely accessible."

The solar industry is busy consolidating its position in a slowly expanding international market by concentrating on product quality and durability, rather than seeking dramatically to improve performance yields. According to representa-



Holland's Groningen experiment; 96 houses linked to a common solar trap

tives of leading U.S. and European industries at the Amsterdam conference, second generation solar collectors are appearing and systems and development is now aimed at high corrosion and high pressure resistance, choice of surface treatment, flexibility in collector sizes, module standardisation and the integration of solar components into the building structure.

### Third generation

Equal importance is now placed in auxiliary and ancillary equipment such as water storage tanks, valves, differential control units and drain down systems. Although third generation solar vacuum collectors, such as those made by Sanyo, Philips, Thermotek and Genair Electric in U.S. now appear on rooftops, their use is generally limited to large projects like the interseasonal heat store at Groningen in West Germany, specialised industrial and agricultural applications, and for space cooling and refrigeration where continuous high performance and relatively high outlet temperatures are required.

Evacuated tubular collectors are still considered by several solar experts to belong to the exotic part of the solar hardware spectrum. Their current cost is clearly prohibitive for mass application.

On the other hand, as prices reported at the conference revealed, the real cost of domestic thermosyphon type solar water heating units and swimming pool collectors has dropped, or at worst remained unchanged, making these two applications cost effective especially in south European countries like Spain, Italy, southern France and Greece. In Greece alone the heating market claims more than 200,000 installed units while the total for the European Community may exceed the 450,000 mark.

An estimated 600 companies are involved in manufacture and distribution. Solar passive buildings have attracted considerable funding both from the governmental and the private sector. These buildings are designed to make the most of the national climates seasonal warmth. For example most homes are south facing with windows concentrated on this side to collect heat more efficiently. Passive solar techniques are generally low cost, they rarely absorb more than 8 per cent of a building's construction budget and payback is half or less of that for equivalent active solar systems (which use solar collectors). In most cases return on investment can be achieved in less than five years.

Thousands of solar passive buildings are now being built

every year and even in the UK's poor solar conditions they can be cost effective. The European Community, which has already backed several R and D projects in this area, intends to increase its efforts, especially in the educational and demonstration/promotion level so as to inform architects and engineers of passive methods and design procedures.

Dr George Lof, with more than 45 years experience in the business, is now the chairman of Solaron, a leading U.S. solar systems manufacturer. He believes that cost is still prohibitively high for all solar applications, apart from passive, and that tax credits will be essential for a few more years if solar is to stay and develop further.

In fact, says Lof, the solar industry in the U.S. would collapse overnight if state and federal subsidies, which in some cases amount to 70 per cent, were to be removed.

Lof admits having been taken back by solar's exponential growth over the last 10 years, but he wishes that suppliers should have been more prudent and intelligent in their market approach.

Dr Harry Tebor, another solar pioneer well known for his early work on selective spectral surfaces, is currently chairing the Scientific Research Foundation in Israel. He

believes that new forms of thermal storage are much needed to improve the efficiency and usefulness of solar systems. Harnessing the sun viably is essentially an exercise in materials technology: the low energy density calls for large area collecting devices that must be low in cost and durable, underlines Tebor.

Similarly the intermittency of solar radiation calls for some form of energy storage. Tebor views the development of inter-seasonal storage as a major technological challenge which is likely to have widespread applications in northern climates. This will reduce heating costs per degree of dwelling unit. The use of common hydrates, such as Glauber Salts, or salt hydrates is now seen as less likely to succeed in view of their poor reversibility characteristics.

On the other hand, the future seems a lot brighter for such novel storage concepts as the "salt gradient solar pond." This is an improvement of the non-convective solar pond which was first developed by Tebor himself. Here the combination of a solar collecting area (which is really the surface of the pond) and the storage volume all in one unit, plus the electricity generating potential of the solar pond are factors which greatly appeal for commercial development.

### AUTOMATED MANUFACTURE

## Robots assemble cylinder heads

BY LORNE BARLING

A TWO YEAR project to develop an automated manufacturing system for cylinder head assembly at Austin Rover with flexibility and consistently high quality, has resulted in an \$800,000 contract for Marwin Production Machines of Wolverhampton, West Midlands.

Initial work by Austin Rover's production engineering department, with its extensive computer-aided design resources, was carried out—both in simulation and application—to develop the computer programs and systems models required to control the actions of robots.

Having proved the feasibility of the system, Austin Rover went out to tender and Marwin has emerged as the winner, using the latest robot technology of Unimation (Europe), the U.S. company's Telford-based subsidiary.

Marwin's system, due to be installed and fully operational by January next year, will perform all the functions necessary in the assembly of cylinder heads, for 1.6 and 2.0 litre overhead camshaft engines, involving mechanical engineering, control engineering, manual and fully automated assembly.

The project to develop an automated manufacturing system of this kind was conceived two years ago following an extensive survey by Austin Rover on the application of new technology in manufacturing, much of which has been done in conjunction with Warwick University.

Austin Rover said: "We obviously knew the best way to assemble our products but what we needed was a company with Marwin's expertise to present us with a total manufacturing system that would allow flexibility, so that we could assemble more than one product or derivative of a product down the

line, and more consistent quality." Negotiations with Marwin and Unimation began with a number of searching trials to ensure that robots could perform the assembly techniques required to achieve high precision engineering tolerances.

One of the most difficult problems to be overcome by Marwin was in the design of special compliance devices used by the robots to grip the many varied sized and shaped components assembled in the cylinder heads.

Also, identification of the engines, S series petrol 1.6 litre or O series 2.0 litre, which could be intermittently produced depending on market demands for particular engine types.

This was further complicated by the different assembly techniques encountered on each model and the need for further flexibility when new engine types are introduced in the future. These "forward thinking" attributes had to be built into the system to allow total flexibility.

The robotic assembly of a cylinder head is claimed to be one of the most demanding applications undertaken by Austin Rover to date and includes a tappet assembly to an accuracy of between plus or minus seven ten-thousandths of an inch at a production rate of 103 per hour.

The FMS assembly line incorporates both power and free palletised conveyor systems, a number of automatic stations for auto-ramping, valve actuation and cutter assembly operations, together with other associated equipment such as bowl feed units and magazines necessary for total flexibility.

The cylinder head is validated at every stage of assembly, any reject having been identified and its status recorded using a coding system.

### Flexible tooling with micro control

A FLEXIBLE tooling system with its own microprocessor control which can be loaded readily to fit all kinds of lathes has been introduced by Karl Hertel of Nuremberg.

Known as Hertel FTS, the system will be shown in action

at MACH 84 in Birmingham in June. It uses two 60 station tool drums which can be loaded with a variety of tools in three sizes of holders of 40, 63 and 80 mm diameter.

An overhead loading and unloading system will remove

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for building products, heat exchangers, drink dispensers, fluid power, special-purpose valves, general engineering, refined and wrought metals, BHP pie, Birmingham, England

### Office systems

## Plessey thinks small

PLESSEY OFFICE Systems has launched a smaller version of its IDX exchange aimed at smaller businesses. The company claims to have sold 450 of its large IDX digital electronic FAX (private automatic branch exchange) and to have captured a two-thirds market share in the UK for such systems.

Known as the IDX-SN, the new exchange can offer fully integrated voice, text and data transmission via a suitable code (encoder-decoder), it can also deal with compressed video transmission. The exchange is aimed at organisations needing between 40 and 300 extensions. As well as operating as a stand-alone digital FAX, the new IDX-SN can also operate in a multi-site network, providing fully digital working between remote users.

Many of the features and facilities of the larger exchange are provided on the smaller version. As well as being able to switch both voice and data, the SN enables users to connect a wide range of features and display phones, as well as office microcomputers and existing terminals. Plessey believes the unit will provide a sound foundation upon which smaller users can build an integrated electronic office.

The machine will be marketed through Plessey Communications Systems, Telephone Rentals and British Telecom Merlin.

### CONTRACTS AND TENDERS

**BRAZIL**  
**CARAJAS IRON ORE PROJECT**  
INVITATION TO BID No. CA-026  
**ELASTIC FASTENING CLIPS**

CVRD — Companhia Vale do Rio Doce will purchase 2,020,000 Elastic Fastening Clips through international competitive bidding. CVRD received a loan from the International Bank for Reconstruction and Development (World Bank) towards the cost of Carajas Iron Ore Project and intends to apply the proceeds of this loan to eligible payments under the Contract for which this Invitation to Bid is issued. Participation in this Bid is limited to suppliers established in all member countries of the World Bank as well as in Taiwan and Switzerland. The instructions, specifications and forms which comprise the Bidding Documents will be available upon a non-refundable payment of US\$100 (one hundred dollars) or the equivalent in other currencies at the following address:

**COMPANHIA VALE DO RIO DOCE**  
Superintendência de Compras e Material — SUMAT  
Rua Santa Luzia, 651 — 31° andar  
CEP — 24.030 — Rio de Janeiro — RJ Brazil  
Telex: (021) 23295, (021) 21975

Sealed Bids will be received at the above-mentioned address until July 17, 1984 at 2:00 pm, Rio de Janeiro time. Each Bid shall be accompanied by a Bid Bond for the amount of US\$40,000 (forty thousand dollars) or the equivalent in other currencies. Bid for partial quantities of Elastic Fastening Clips shall be accompanied by Bid Bond for proportional amount. Purchases and Material Superintendency, Rio de Janeiro, May 16, 1984

**BRAZIL**  
**CARAJAS IRON ORE PROJECT**  
INVITATION TO BID No. CA-025  
**TIE PLATES**

CVRD — Companhia Vale do Rio Doce will purchase 1,010,000 Tie Plates through international competitive bidding. CVRD received a loan from the International Bank for Reconstruction and Development (World Bank) towards the cost of Carajas Iron Ore Project and intends to apply the proceeds of this loan to eligible payments under the Contract for which this Invitation to Bid is issued. Participation in this Bid is limited to suppliers established in all member countries of the World Bank as well as in Taiwan and Switzerland. The instructions, specifications and forms which comprise the Bidding Documents will be available upon a non-refundable payment of US\$100 (one hundred dollars) or the equivalent in other currencies at the following address:

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Rio de Janeiro, May 16, 1984  
Purchases and Material Superintendency

**wanted**

**HOSPITAL INFORMATION SYSTEMS VENDORS**

The Riyadh Al-Kharj Armed Forces Hospital Programme, one of the world's most advanced medical centres, provides sophisticated health care services to an eligible population of almost 160,000 people.

In order to serve our expanding requirements for state-of-the-art automated information systems, the Programme seeks to identify companies capable of supplying integrated database - orientated applications software. It is expected that the selected software will guide subsequent decisions on the acquisition of support hardware. Systems installed in the Programme may well serve as models for future installations at other related sites in the Kingdom.

The initial procedure involves the completion of a questionnaire and a contractor's qualification statement. Companies who would like to be considered as potential vendors are invited to write to the address below requesting these documents. At this stage, further information relating to this substantial contract will be made available:

Mr. George Ahlin,  
Director of Computing,  
Riyadh Armed Forces Hospital,  
P.O. Box 7897,  
Riyadh 11159,  
Kingdom of Saudi Arabia

**Letters should arrive on or before June 1st, 1984.**

### Company Notices

**SOCIETE GENERALE**  
DOLL US 200  
MILLION FRN 1990

For six months, May 9, 1984 to November 8, 1984 the notes will carry an interest rate of 11 11/16% per annum.

The interest due on November 9, 1984 against coupon number 3 will be Doll US 597,36 and has been computed on the actual number of days elapsed (194) divided by 360.

The principal paying agent  
**SOCIETE GENERALE**  
ALSACIENNE  
DE BANQUE  
LUXEMBOURG BRANCH

NOTICE TO BOND HOLDERS  
**ONG PHARMACEUTICAL CO. LTD.**  
CONVERTING TO A PUBLIC COMPANY  
ONG PHARMACEUTICAL CO. LTD. has been converted to a public company under the provisions of the Companies Act 1947. The new company will be known as Ong Pharmaceuticals Ltd. and its registered office will be at 100, Broad Street, London W1P 3JF. The new company will be a company limited by guarantee and will have a share capital of £1,000,000 divided into 1,000,000 shares of £1 each. The new company will be a company limited by guarantee and will have a share capital of £1,000,000 divided into 1,000,000 shares of £1 each. The new company will be a company limited by guarantee and will have a share capital of £1,000,000 divided into 1,000,000 shares of £1 each.

WORLDWIDE CORPORATION  
NOTICE IS HEREBY GIVEN that a Meeting of the Shareholders of the above Corporation will be held on Tuesday, May 22, 1984 at 10.00 am at the office of the Secretary, 100, Broad Street, London W1P 3JF. The business to be transacted at the Meeting is to consider the following resolutions: 1. That the name of the Corporation be changed from Worldwide Corporation to Worldwide PLC. 2. That the above mentioned Certificate of Incorporation be amended to reflect the change of name. All Shareholders are invited to attend and vote at the Meeting.

L. C. M. TOOLE, Secretary.

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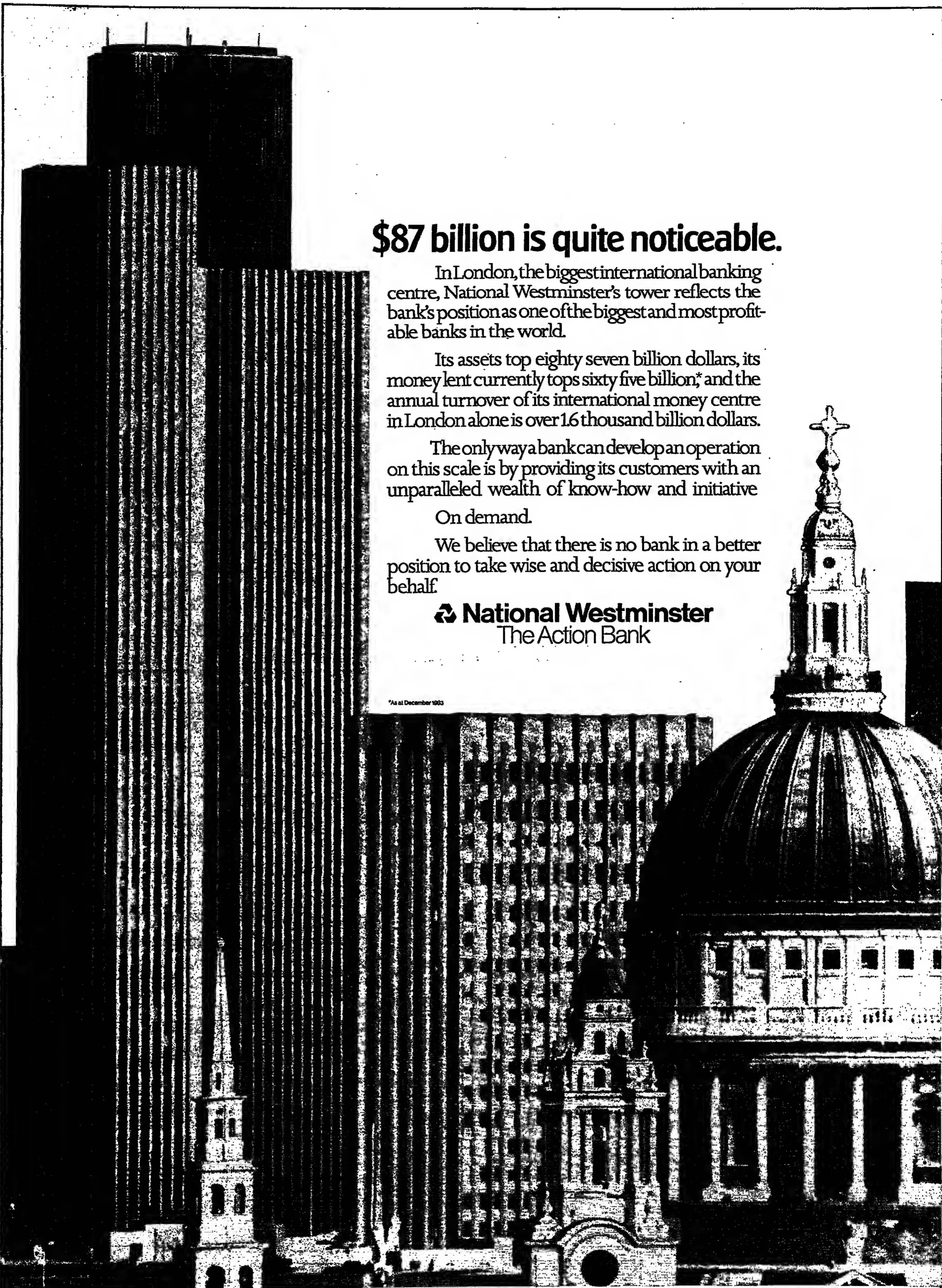
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Plassey thinks small

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 MEXICO TELEX 017 71 786 SINGAPORE TELEX 28491 SPAIN TELEX 46934 SWEDEN & NORWAY TELEX 15050 SWITZERLAND TELEX 812186 U.K. TELEX 885361 U.S.A. TELEX 233583 USSR TELEX 413258 W. GERMANY TELEX 416500

## INTERNATIONAL COMPANIES and FINANCE

## ENERGY REVIEW: PROFILE OF ARNAUD ROUSSEAU

## A tight rein on Elf's N. Sea venture

By Dominic Lawson

IN A few years France will have its own North Sea oilfield, Alwyn North. Total, the operator, has a third stake in the field, which contains 200m barrels of oil and almost a trillion (bn bn) cubic feet of gas. But the man who controls the purse strings, worth £1.6bn, is the managing director of Elf UK, which has the dominant two-thirds stake in the venture.

He is Arnaud Rousseau, 49, a tall, thin, chain-smoking Parisian. M. Rousseau thinks he knows the secret of a successful North Sea development project.

"Intelligence during the course of a project is the most dangerous thing. I say to my staff working on Alwyn, 'You must not be intelligent. Just do what we said we'd do when we started the project in 1982. Forget about improvements...'

M. Rousseau's belief is that disasters most easily result from imaginative staff attempting to save costs by incorporating recent technological innovations on an ad hoc basis. He holds the Frigg gas field, Elf's previous major North Sea project, as an awful warning. "We were terribly shocked by Frigg, the costs were close to three times the initial forecast. It's very difficult in the North Sea to stick to budget."

In the case of North Alwyn, M. Rousseau's dogmatism is going to be needed. The project is just about the most marginal attempted in the North Sea, costing on M. Rousseau's own admission \$20 for each barrel of oil produced. "It will never be very profitable," he says, "but I consider it low risk. We have assumed a constant oil price, falling in real terms."

In some ways M. Rousseau's key role in one of Elf's biggest

oilfield developments was an odd appointment by the parent company. He had hitherto been exclusively a downstream man, ending up as manager of Elf's refining and supply operations throughout France.

In that job, he had closed three refineries, and it was perhaps his reputation as someone who could take the tough decisions that prompted his masters to put him in charge of Elf's UK operations, at the time of such a marginal project as North Alwyn.

M. Rousseau is also conducting a review of Elf's retailing network in the UK. He readily concedes that Elf's 3.5 per cent share of the UK market is on the low side, but his willingness to drive for an increased share is held in check by what he has seen of the market.

## Extra cost

"The marketing companies are crazy. Who will fill your car except the oil industry? But the industry is fighting to cut prices below break-even. The Middle East is now operating its own upstream, so the profits don't go to the oil companies like they did. But we handle nearly all the marketing. So the profits should be made in marketing the product, not the crude."

As for the recent outbreak in the UK of forecourt games, M. Rousseau expostulates, "I don't like it. It's absurd. It's an extra cost. Unfortunately, it works."

Elf's unlikely UK bidfellow, the small UK independent Berkeley Exploration, two years ago Elf was unwise enough to buy nearly 30 per cent of the equity from the English entrepreneur Mr Paul

Unwise, because the shares drifted down steadily to little more than £1 each, at which point Mr Bristol rubbed salt in the wound by starting to buy back into Berkeley's equity.

M. Rousseau tries to justify Elf's strategy, begun before he arrived in the UK, as "a

North Sea links between Elf and Total will have to be loosened if not actually severed. "The days of Elf with a field stake of 66 per cent, but no operatorship, are over," he says.

The Department of Energy has said that it will look more favourably on ninth-round

Alwyn development costs.

M. Rousseau's problem, as he thought, was that it would be politically difficult for the UK Government if a French state-controlled oil company were in attempt to outbid small UK independent oil companies.

However, M. Rousseau says: "The Department of Energy told us 'Bid what you want, the market will decide'."

So Elf plunged in aggressively, and ended up with 1.5 per cent of the Forties field at a cost of \$45m. That was more than any other company achieved in the tender, and was doubtless gained at the expense of some smaller UK companies.

According to M. Rousseau that was a good example of English free enterprise. "If the roles had been reversed, it would have been unacceptable to a French government."

## React quickly

The incident also illustrates the nature of the relationship between Elf UK and the parent company, Elf Aquitaine. The budget for Elf UK is agreed with the parent in Paris. But if something unforeseen should crop up, such as the Forties deal, then the UK offspring can react quickly, even if it means a conflict with the agreed budget.

After two years in the UK, following a lifetime's work in France, M. Rousseau has allowed at least one English influence on his lifestyle. He has switched from chain-smoking Gauloises to the less potent Silk Cut. But, from the dubious perspective of one who both lives and works in Knightsbridge, he regrets that he finds London's architecture "unlikeable."

M. Rousseau is continually puzzled by what he calls the "highly developed anti-French

attitude" in England. The media's delighted wallowing in the Elf oil-sniffer affair clearly confirmed his worst suspicions.

The "oil sniffer" was a confidence trick played on Elf, which between 1976 and 1978 acquired a process purporting to be able to detect oil using airborne equipment. The "scandal" broke around Christmas last year.

"The English took inordinate pleasure to see us fooled. They liked to think that we have so little experience in industrial matters that we can be sold anything." Arnaud Rousseau, however, is not in the least embarrassed.

"I am proud to be with a company that took that chance. As the Avis man says, 'We try harder.' I hope I would have had the courage to take that risk." In answer to the charge that Elf's position as part of the French state distorted its commercial judgment in the affair, M. Rousseau retorts: "It has got nothing to do with patriotism. The amount of money at stake—about the equivalent of 10 exploration wells—was not large in relation to the possibilities."

Clearly M. Rousseau finds it difficult not to express his thoughts bluntly, even if it involves political risks. When he realised that the three French refineries he closed were doomed, he made a point of telling the workforce, apparently long before his colleagues thought it either necessary or desirable to do so.

M. Rousseau traces this passion for honesty to his time as a lieutenant in the French army during the Algerian war. Lt Rousseau told his men that France would never give up Algeria. When it was all over, he says, "I decided never to tell another lie."



demonstration of our preoccupation with this sector of British industry." But seeing a disbelieving gaze, he is unable to keep a straight face. "OK, all right, we would not want to go through this again."

A side effect of the Berkeley affair is that M. Rousseau has been on the board of a UK company, which he is honest enough to describe as "a very expensive training, not worth the money it has cost us."

Elf UK is now planning its response to the UK Government's forthcoming ninth round of oil and gas licences. It is clear from M. Rousseau that the

applications from oil companies which offer to explore the hazardous deep water frontier areas, such as west of Shetland. M. Rousseau concedes that Elf might have to play the department's game, but he has no illusions: "Let's be brutal, we can call it blackmail."

Despite that remark, he appears to have a high regard for the department. When a few months ago BP offered all companies the chance to buy stakes in the prolific Forties field, Elf saw its chance to gain some valuable production, the tax on which could be offset against the formidable North

## INTERNATIONAL APPOINTMENTS

## Governors of NY insurance exchange

Four governors have been elected by syndicates and broker members of the NEW YORK INSURANCE EXCHANGE to serve on the Exchange's 12-person board of governors. Three of the four are new governors and include Mr David J. Sherwood, president of Prudential Insurance Company of America; Mr Ward B. Gordon, chairman, president and chief executive officer of Intere Insurance Inc; and Mr Richard L. Weller, president of NRG America Syndicate Inc. Re-elected to the board is Mr T. Vincent Learson, former chairman and chief executive officer of IBM Corporation. All are to serve three-year terms.

Dr William B. Eisen has been named president of COLT INDUSTRIES, crucible competition metals operation, Oakdale, Pennsylvania. Dr Eisen has served since 1960 as vice-president and general manager of the operation.

PHH GROUP has elected Mr Robert D. Kunsch president, chief operating officer and a member of the board. He was an executive vice-president with responsibilities for all relocation, facility and area development services. PHH Group is based in Maryland, U.S.

Mr John R. Opel, chairman of the board of IBM, has been elected a member of the TIME INC board. He was appointed president of IBM in 1974, added the title of chief executive in 1980 and was elected chairman in 1983.

Mr Christian Tschudy has succeeded Mr Bruno P. Vetterli as managing director of FRIEDRICH STEFFELS, the Swiss detergents manufacturer. Mr Tschudy was formerly the company's marketing director.

Three directors have been elected to the board of NORSTAR BANCORP, a regional bank holding company based in New York. Their elections came as a result of Norstar's acquisition of Security New York State Corporation. The directors are: Mr Kendall M. Cole, senior vice-president and general counsel, Eastman Kodak Company; Mr Richard A. Richardson, president and chief executive officer, Security New

York State Corp; and Mr Robert L. Tarnow, chairman, Goulds Pumps Inc. All three are members of Security New York State Corporation's board of directors.

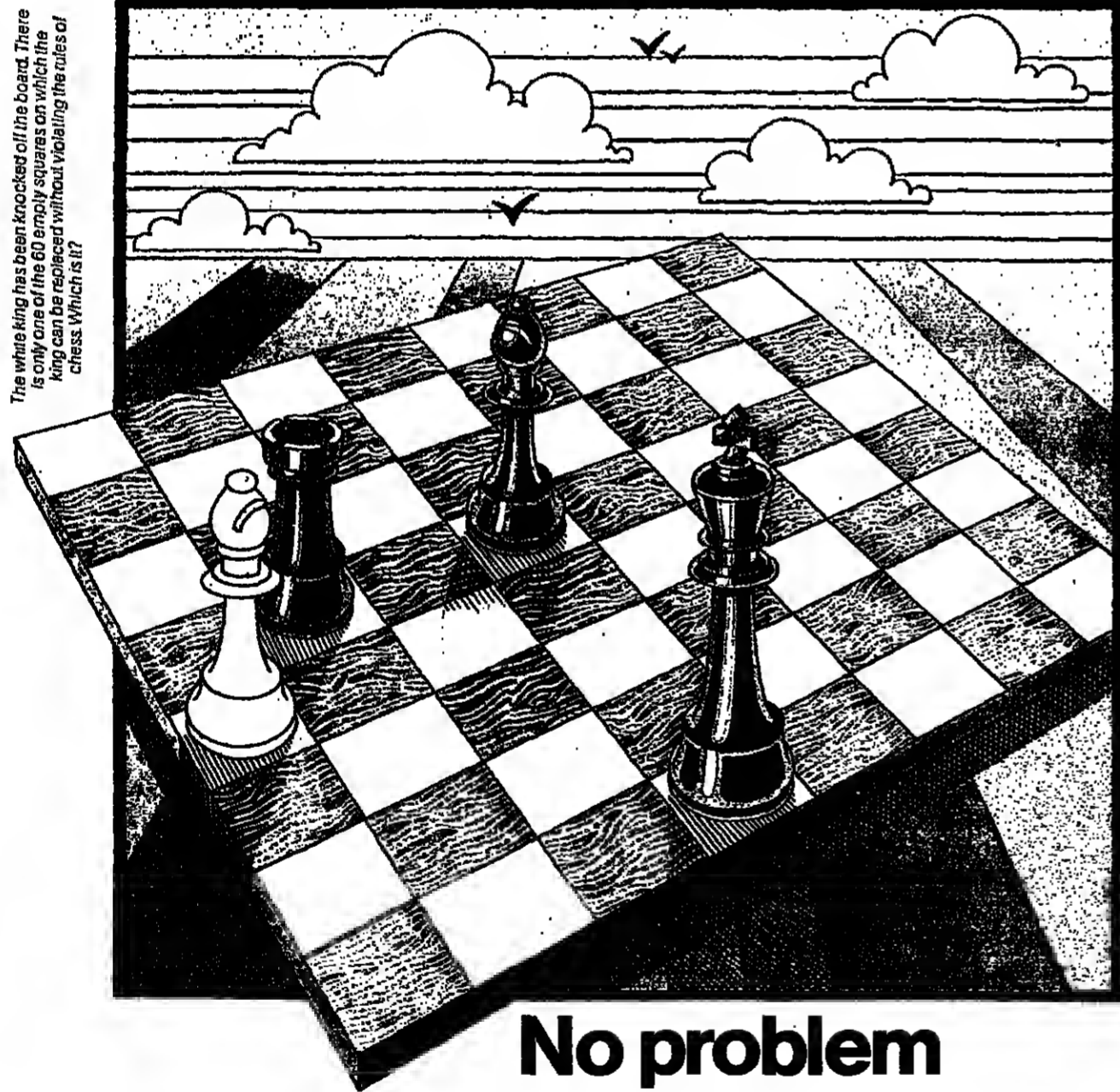
Mr Martin H. Rubin has been named vice-president, subscriber services of SATELLITE TELEVISION CORPORATION (STC). He will be responsible for developing and implementing the installation and service network for STC's satellite-to-home pay-television service. Before joining STC, Mr Rubin was division vice-president, industrial electronics services at RCA Service Company, responsible for directing and supervising all field activities for the division.

Mr R. Bern Crowl, executive vice-president of REYNOLDS METALS, has been elected chief financial officer. Mr Crowl, who has been responsible for such finance and accounting functions as treasury, tax, controller and risk management, succeeds Mr William S. Leonard.

Mr Peter Millburn has been appointed director and general manager of EYACHE AND BISSSET PTE. Mr Millburn is resident at the Singapore office of Ritchie and Bisset, a part of Three Quays International, a wholly owned subsidiary of the P & O Group. His new responsibilities include Ritchie and Bisset Marine Services Sdn Bhd, in Malaysia, together with co-ordination of Three Quays International's marketing and development in the Far East.

BARCLAYS-AMERICAN CORPORATION has re-elected chairman Mr Bland W. Worley until August 31 when the current president and chief executive officer Mr Graeme M. Keith will become chairman in addition to his other duties. Mr Keith joined Barclays-American in August 1983 as president and was named chief executive officer in November 1983. The directors also elected a 16th member: Mr Edward F. Hill who was recently named chief operating officer of parent firm Barclays Bank International's head office North America, located in New York. Barclays-American Corporation is a wholly owned subsidiary of Barclays Bank International.

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(Singapore) Pte. Limited

a subsidiary of

CSR Limited  
Sydney, AustraliaThe undersigned acted as financial advisor to  
Saita-Gumi Co., Ltd. in this transaction.

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May 9, 1984

Midland Bank  
Interest Rates

Save and Borrow Accounts  
Interest paid on credit balances increases by ½% to 5¾% p.a. and interest charged on overdrawn balances remains at 18½% p.a. with effect from 13th June 1984.

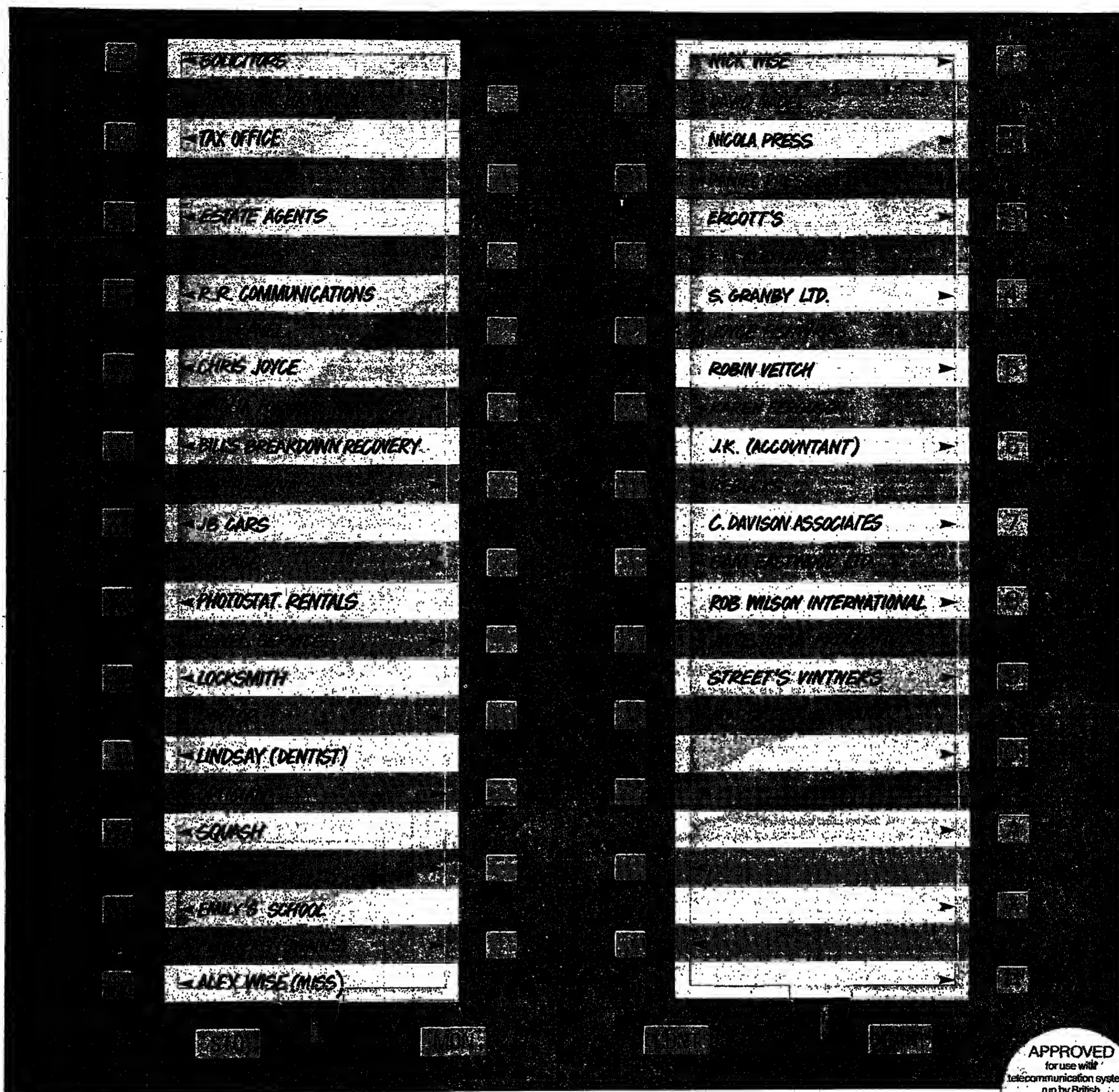
APRs 5.8% and 19.8% respectively.



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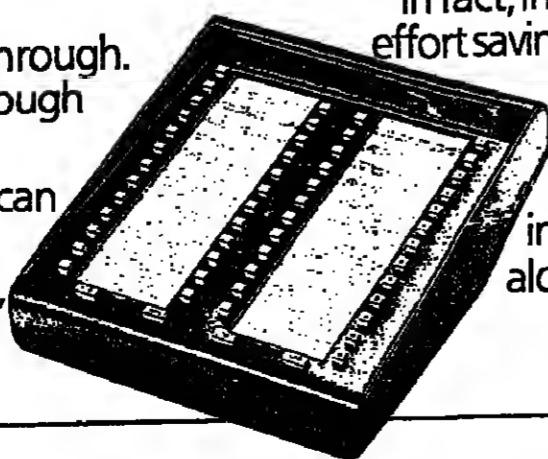
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**THE MANAGEMENT PAGE**

EDITED BY CHRISTOPHER LORENZ

Atlas Copco

# A minor revolution in stock control

BY ARNOLD KRANSORFF

JUST OVER three years ago, the loss-making tools division of Atlas Copco, one of Sweden's largest engineering groups, looked like any other manufacturing company trying to combat the recession.

As part of a rationalisation plan to cut production in line with shrinking demand, it embarked on the now familiar strategy of plant closures and heavy redundancies; in fact two of the division's five factories were shut down and 460 people—third of the workforce—laid off.

For most companies these events would be upheaval enough, but at Atlas Copco Tools another, quite separate, revolution has been taking place alongside to improve its abysmal record in the field of computerised stock control.

In the process many of the traditional restrictive practices on the shopfloor have been broken down and changes made to corporate policy on employee remuneration—all without challenge by the trade unions.

While these changes may have been helped by the defensive position of labour in today's competitive economic climate, the fact remains that many of the company's numerous assembly processes, formerly the preserve of a string of workers, are now handled by one individual. As a result, the division's entire wage structure, based largely on a piece work system, is being reviewed.

Both these important structural changes have come about through a new system of handling the company's complicated inventory of 25,000 different components. Until 1981 the division had thought its conventional computerised systems, which had been in place for two decades, were the most efficient way to handle material flow; in fact it had never seriously looked at its performance.

Until the reappraisal began stock control was based on forecast of demand three months hence which was translated with the aid of the computer into an inflexible production schedule. Reality was never so precise, however.

When demand was underestimated production would be completely disrupted because it was always difficult to build in extra capacity. On the occasions when it was overestimated—the usual state of affairs—there was a build-up of surplus stocks.

IN THE domestic and international context Atlas Copco Tools stock turn is nothing to write home about. Even after the latest improvements the company lags behind the average for Sweden's manufacturing companies, themselves at the bottom of an international league table comprising several Western European countries, the U.S. and Japan.

According to a recent survey by Chalmers University of Technology in Gothenburg, Sweden, Swedish manufacturing companies have an average annual stock turn of just 3.5, followed by the UK with 4.5, West Germany 5.2, the U.S. 7.3 and Japan, where the responsibility for stock holding has usually been shifted to the supplier, a lofty 9.0.

The survey, covering 172 companies across 43 industry groups in nine countries, found that inventory turnover has remained largely stable in the manufacturing industries of the main industrialised countries over the 15 years to 1981.

This is in spite of the rapid development of computer technology since the early 1970s, since when a large number of companies have installed so-called Computerised Production and Inventory Control systems.

Sodahl attributes the situation to industry's love affair with the computer. "The usual way a company tries to improve a traditional computerised system, especially in the inventory field, is for it to superimpose a supposedly more sophisticated computer system. This usually does nothing, as the survey has highlighted."

Much of the problem, he believes, lies with human nature. With the exception of the managing director and the financial director, few other top managers have any incentive to increase stock turn, he believes.

The purchasing manager, for example, is usually more concerned with price, which often means buying in large quantities. Elsewhere, the production manager's priorities revolve around cost and quality, which often means stable volumes and, thus, long machine runs.

For the shop foreman, the main concern is keeping people and machines busy, so long queues and a healthy batch of production orders would not be sneezed at. Equally, the sales manager is customer service, which means keeping as much as possible

tion and Inventory Control systems.

Moreover, companies generally have quite distinct policies that keep stock levels high, he adds. Most companies would want to hold an excess of stock to hedge against possible shortages.

Stocks would be deliberately run up, too, to limit the frequency of ordering, spread the production load over variations in the business cycle and even to take advantage of large purchase discounts.

Sodahl notes that all these apparently legitimate interests are in direct conflict with an intention to increase stock turn. Small wonder then, that he believes that most West European companies are overstocked to the tune of at least 30 per cent.

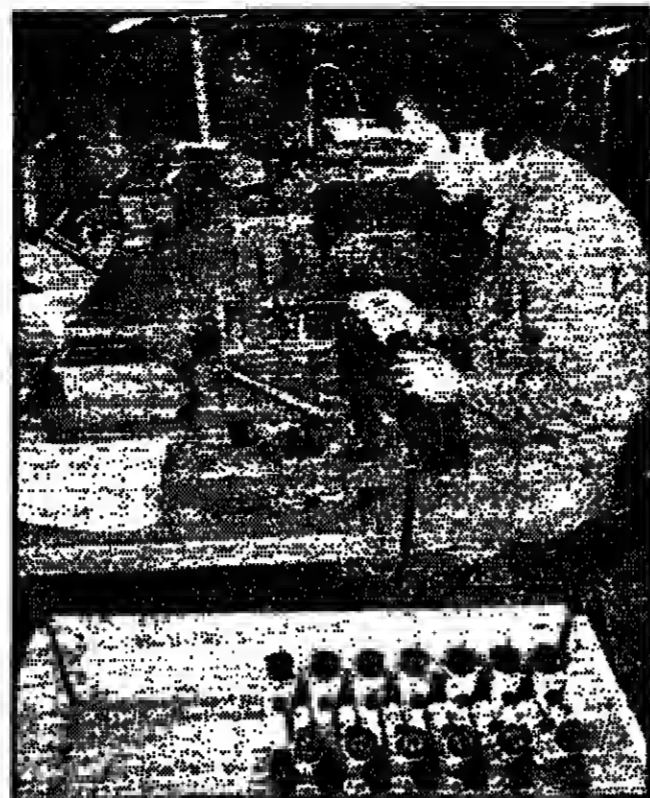
"Basically, reducing stocks necessarily means improving organisational efficiency rather than imposing another computer system. By doing so, a company can have the best of both worlds—reduce stocks and increase customer service, and reduce work in progress as well as increase operating efficiency."

"In our case we decided on a delivery efficiency of 93 per cent. In order to fulfil this, it is a relatively simple mathematical exercise to arrive at the desired inventory level by taking into account factors like manufacturing lead times and the traditional frequency of ordering."

"This stock level is then topped up on a weekly basis to achieve actual demand. In effect we are now manufacturing according to need rather than to an inflexible production plan based on an assessment of future demand," says Wejke.

He finds it difficult to quantify all the benefits that have accrued since the improved system of stock control was installed but says it has been a key factor in the company's subsequent quick recovery.

From a loss of SKr 5m at the end of 1980, the company turned in a profit of SKr 2m in 1981, SKr 11m in 1982 and SKr 20m in 1983.



Assembly of Atlas Copco pistol-grip screwdrivers: more flexible production has helped boost stock turnover and cut costs

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Atlas Copco's new stock control system is the brainchild of a small Scandinavian management consultancy called Mysisma. Until it was bought out by its partners Mysisma was a joint venture between Harvard graduate Lars Sedahl and SKF, the Swedish bearing company.

Mysisma operates from the basic philosophy that "all stock is waste" and that computerisation in itself is no answer to cutting the heavy costs of high stock levels.

Sedahl's argument is that computers merely indicate what costs are likely to be rather than pointing to ways to minimise them. But a computer does not change the way of doing things; it merely compounding the errors faster and disguises and perpetuates fundamental problems.

Mysisma's solution to improved material flow reverts to old-fashioned brainpower to identify and cost the basic elements which make up the inventory chain. The aim is to find ways of making procedures more sensitive to customer demand rather than dependent on the production department's in-built capacities, even if it means an increase in some overheads, such as assembly costs.

One of the more fundamental changes in working practices that Mysisma suggested concerns the formerly labour-intensive assembly process which had evolved as a result of the economies of large-scale production and strict demarcation policies.

According to Mysisma's preliminary observations, this section of manufacturing was supporting a particularly hefty volume of stock, in spite of the fact that assembly took on average no more than 30 minutes.

Previously, assembly was carried out by small teams of workers each specialising in part of the final product. Other people were responsible for providing all the components they required.

"We have dispensed with the sub-assembly philosophy entirely," says Wejke. "Now, the products are assembled from scratch by one or only a few workers who also do the testing and packing. The assembly workers now collect their own components."

These changes have increased direct manufacturing costs but Wejke calculates that the overall cost is lower "because much of the stock-keeping charges have been eliminated."



chemists or direct from Arun Valley Trading, Pulborough, Sussex, RH20 1ER (£2.50 post free for 2 ozs).

BUDGET Rent a Car is stepping up its campaign to enrol more corporate rate card users. Having upset its rivals last year with an advertisement which was examined, amended and finally cleared as being within the Code of Advertising Practice, the company is out to annoy Hertz, Avis, Europcar and Swan National yet again. It is claiming that the rivals would have to offer 30-44 per cent discounts to match the corporate rates offered in most of its outlets.

Business users of Budget services in future will pay no drop-off charges.

ROWS WITH the Russians or not, one of the more welcome spin-offs of the Olympics is the fact that Los Angeles Airport has been getting its much-awaited revamp. One of the worst routes into the U.S. for years, Los Angeles (LAX) is doubling its passenger terminal space. A new \$123m international terminal should be in operation in June. The Federal inspection area will be the largest in the U.S. and can potentially handle visitors at twice the present rate. One can only hope that means better than a one hour wait instead of two.

ONE OF the more eye-catching aspects of National Car Parks' campaign to recruit more users of its Chequers Car Park at Heathrow is the promise of free battery boost should you return to find a sparkless machine. The £2 a day parking lot (£1.50 after seven days) also promises free coffee for users. British Airways Executive Card holders will also have heard of a discount scheme for Chequers for them.

ANOTHER insect repellent has been launched on the UK market, this time with an exotic name—Jungle Formula. A U.S. product claimed to have been developed for use in Vietnam, it contains the much-raised DEET (Diethyl Meta Toluamide). The UK Forestry Commission has been testing it for two years and approved it for its workers' use. The writer is about to embark on his own test: watch this space. Meanwhile bottles can be had from

THE CHORE of changing or reconfirming flights in the Chinese capital of Beijing is being eased for users of that new watering hole for visiting Westerners, the Great Wall Hotel. The Great Wall is to have a CAAC (the Chinese airline) computer reservation centre. It will handle not only CAAC flights but also Air France, British Airways, Japan Air Lines and Pan Am.

TEN DEATHS from Malaria in the UK last year have helped to raise the question of travel health dangers again. Apart from Malaria there were 2,000 reported cases in the UK; a variety of virus infections, worm infestations and insect-borne diseases are presenting themselves at local GP consulting rooms these days. Professor Brian Macgregor of the Liverpool School of Tropical Medicine (threatened under present cutting policies) is urging that every Briton leaving the country should get a brochure on health risks.

Meanwhile, certainly as far as Malaria is concerned, keep taking the tablets.

Arthur Sandles

**BUSINESS PROBLEMS**

**Partnership taxation**

A single-handed practitioner takes three others into partnership over a period of three years. The practice expands and after five years two wish to continue while the other two wish to go off on their own.

The Inland Revenue says that this is a cessation of the partnership and, therefore, cessation and not continuation tax should apply.

What are your views? The two continuing partners

in the original partnership should be able to elect for continuation (if they really want it) by virtue of section 154(2) of the Income and Corporation Taxes Act 1970. The new partnership (formed by the two who have resigned from the original partnership) will, of course, be assessed as a new business.

We are a little puzzled by the form of your question—the partnership accountants are best placed to advise you, because they know the full facts and figures.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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BANQUE INDOSUEZ

March 1984

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Threshold of a New Era  
London, June 5 & 6
- THE EUROPEAN OFFSHORE IN 1984  
Oslo, June 18 & 19
- WORLD ELECTRONICS  
Future Strategies for Europe  
London, June 20 & 21
- FOREIGN EXCHANGE RISK  
London, June 25 & 26
- WORLD AEROSPACE  
Aerospace after the Recession  
London, Aug. 28/29/30

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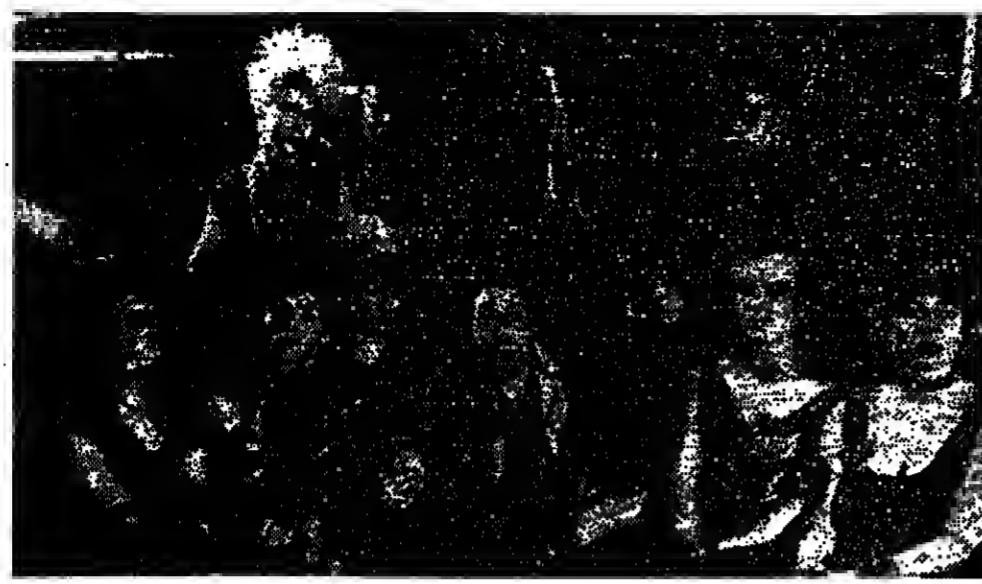
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THE ARTS

Television/Christopher Dunkley

Pushing fun through the Watford Gap

How much longer are London viewers going to go on restricting their series South Of Watford to the London region...



The gender-benders and friends in "South of Watford"

In Ben Elton the series has a marvellously suitable presenter: a young man who, behind the manners of the London streets...

writer's voice told of events from his childhood the pictures provided suitable illustration. Thus subjective camera (showing the viewpoint of the subject rather than the subject himself) accompanied his account of taking lunch to his father at a cotton mill...

Side Window Second Hand"). Now the Nine O'Clock News is popping him into those wholly unnecessary captions needed out to the horing, humourless and mostly timid.

Compared to what can be learned nowadays from readily available sex manuals this sort of programme is hopelessly inadequate, relying as it does upon conversation in front of the camera between "ordinary" couples (actually anything but ordinary given that they are appearing on television to talk about sex).

Having traced the current trend from David Bowie's "Ziggy Stardust" via Glam Rock and Boy George to the most outrageous of the late-80s patrons of The Batacave, heterosexual chaps in heavy makeup, fishnet stockings, and black circé—he extracted some very sane reasoning for the fashion from a number of commentators and topped it with his own attractively mock-shamefaced liberal gloss.

How disappointing, then, to find that subsequent programmes have consisted almost entirely of pictures of the man himself standing on London's South Bank reading nuttishly insignificant and jumbled diary entries. The banality of one's own crossed lines is irritating enough; none of us needs to know that Breakwell suffered one on May 21 1971.

The newly imported American situation comedy Empire on BBC2 prompted two reactions. First it seemed extraordinarily old fashioned; the American cinema produced innumerable films set in New York office blocks in the 20 years after World War II.

Not your typical musical, Stephen Sondheim's Sunday in the Park with George (at the Booth Theatre) makes an inspired effort to bring to life George Seurat's major canvas, A Sunday Afternoon on the Grand Canal.

The first episode I managed to catch of Don Breakwell's Continuous Diary, which is being scattered around late at night on Channel 4, seemed most promising; here was a simple but highly effective form of television biography.

The BBC Nine O'Clock News has adopted the wandering apostrophe. We have come to know this little fellow well in Kenneth Town. High Street where he appears on the green-roofed barrow ("Tomatoe's 50p") in the shoe shop (100% of Pair's At Half Price!) and even in the window of the pawnbroker ("All Good's In

Channel 4's Sex Matters shows every indication of maintaining the pattern. As soon as they heard the first murmur about sex the PDBs raised their usual clamour (they remain silent throughout the daily depiction of the foulest murders which in real life are illegal, but the merest hint of people enjoying legal sex has

indicative of the sleaze that doubtless explains Britain's success in the sophisticated trade rivalries of Europe. Michael Madsen's Desmond is hampered by being given one glaring characteristic and little else: he is racially prejudiced.

Black Ball Game/Lyric, Hammersmith

Time was when the intricate machinations of the commercial world were conducted by urbane smoothies with the right ties and impeccable backgrounds. The only Oxbridge man to surface in the conference suite of the two-star hotel is Don Webb's hustling anecdote of the grubby Eighties.

Martin Hoyle

Hyde Whites and Wynmark of yesterday. But Mr Webb's colourless characters living by positive-thinking little formulas (by Business School out of Dale Carnegie) against a plastic background are probably all too true.

Washington

Henry V (Folger): Philip Kerr directs the resident acting company led by Edward Gero as the charismatic Henry to the field of Agincourt, facing John Wylie as King Charles. Marjory Wright, the wife of the British Ambassador, plays Mistress Quickly. Ends July 1. (548 4000)

New York

Cats (Winter Garden): Still a sellout. Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically feine, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 8262)

Celebrations at the Met

The culmination of the Metropolitan Opera House's centennial year was last Sunday's Gala, given as a companion-piece to the opera-fest which opened the celebrations. The evening was devoted to those traditions and attractions other than operatic which have been part of the Met's history during the past hundred years.

Fokine choreography. Equally rosy the Acte de Presence which Ashton staged to a moment from the Vision music from Sleeping Beauty, to remind us of the Royal Ballet's 1949 triumph at the Met.

Alicia Alonso's appearance with Jorge Esquivel in the second act duet from Giselle, Alonso, as London has lately seen, is indomitably and uniquely a ballerina whose career already spans more than 40 years.

Marcia Haydee and Richard Cragun battling as Kate and Petruchio. Haydee still the best flyweight on the dance circuit; Cragun always the most charming and unscrupulous id-fighter; with Fernando Bujones' Corsaire deploying technical prodigies as he yearned after Yoko Morishita; and with Karen Kain and Rudolf Nureyev reminding the public of the Canadian ballet's visits to the Met with Nureyev as star and producer of The Sleeping Beauty, whose third act duet they danced.

The Martha Graham company opened the proceedings with Diversion of the Roses in a manner too slick and glossy for this lyric piece, but two roseate items followed to start the flood of nostalgia which was to wash over the auditorium.

step from Gaieté Parisienne, with Jerome Robbins bringing out the more racy to the ever-beautiful Danilova. Erik Bruhn also returned briefly to one of his greatest roles, partnering Carla Fracci, all Romantic charm, in the closing scene from Le Sylphide.

sustains the potent illusion of this wily Giselle. Equally potent as an essence of the dance was the performance by Bando Tamashuro V, celebrated Kabuki exponent of onnagato roles, in The Heron Maiden. White robes shed to reveal red, then white again; bound hair falling loose; snow drifting down; the heron-maid exclaiming in imagery as telling and refined as Pavlova's swan diving; this was great art from a great artist.

Yves Montand also provided two ballads, and the closing All Night Long from Lionel Richie (which had a certain aptness as the programme hurriedly ran for over four hours) brought some electric gyrations from the dancers of the Alvin Ailey troupe.

Clement Crisp reports on a New York gala sparkling with the great names of the dance world

Nothing, though, so caught the audience's imagination as the duet from the second act of The Nutcracker, with Jean Charles Gilibert and Yvonne Reizman and Lynn Harrell on stage to play the obbligato solos, musical lustre matching the lustrous dance.

Sunday in the Park with George/New York

Not your typical musical, Stephen Sondheim's Sunday in the Park with George (at the Booth Theatre) makes an inspired effort to bring to life George Seurat's major canvas, A Sunday Afternoon on the Grand Canal.

Frank Lipsius

lucient canvas on which the painter works facing the audience. Manly Patinkin makes a complex and pre-occupying effort to retain the audience's sympathy despite his concentration on the sketchbook and painting. His girlfriend, called "Dot" after the painter's work style, is portrayed by Bernadette Peters as a common girl who wants to understand and become part of George's life as much as his canvases.

Saleroom

A watercolour by Myles Birker, Foster, "The country inn," sold for £22,686 at Christie's yesterday in an auction of English watercolours. There were problems among the sculpture, with some important lots not selling, but Humphries in London paid £28,080 for a late 16th century Paduan bronze of Hercules and a Venetian bronze oil lamp realised £16,200.

Six Young Architects/Heinz Gallery

As architectural draughtsmanship takes off into the stratosphere, it is time to find an exhibition of drawings (at the RIBA Heinz Gallery, until June 9) which makes sense as architecture as well as sustaining the interest within an art gallery setting.

Gillian Darley

for the Durham Museum of Oriental Studies shows, it seems, an architect in Richard Rogers' office and his mechanistic, muscular drawings hark back to Leger in their transformation of the linear to the tubular.

The Tyrant/Upstream

gramme notes, worked against performance on the Victorian stage. Quite. In a Brechtian approach, the actors change costume on stage when moving between main and parallel, though tenuously linked, sub-plots. I'm not sure that the unabashed flamboyance of Jacobean tragedy can take the ghost of the self-martyred heroine perched on a wooden platform at the top of an all too visible step-ladder, or the surviving dramatic personae applauding their supposedly defunct colleagues who get up, take a bow, and eventually drift back in their everyday clothes.

Martin Hoyle

Clive Simpson's Tyrant plays on the German Romantic's fondness for the play. Almost too sympathetic, he efficiently combats having to spew up what looks like vegetable soup when poisoned, and embracing the disinterred beloved who unfortunately but not resembles Norma Bates's Mom in Psycho. The sub-plot concerns that old chestnut, the husband who suspects his so far virtuous wife and puts his friend up to trying to seduce her. This being a play by Middleton, the wife, no Patient Grizel, is all too willing, the friend all too weak. Add a scheming maid and her paramour, seething with unmountable enmity towards the friend, and you end up with a stage littered with the cadavers we have come to love in Jacobean drama.

Arts Guide

Theatre

LONDON The Aspern Papers (Haymarket): Vanessa Redgrave and Wendy Hiller give superb performances in Michael Redgrave's 1982 version of Henry James's story. The inquisitive scholar who descends on the Venetian palazzo is played, ponderously, by Christopher Reeve. (830 9832)

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# FINANCIAL TIMES

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Wednesday May 16 1984

## Lessons of a bank rescue

AN IMAGE of liquidity is vital for any bank, of greater immediate importance than the adequacy of its capital and reserves at the time of its borrowings. It was this image that cracked at Continental Illinois last week and which 16 fellow banks rushed in to restore with a promise to provide \$4.5bn of funds should the Chicago bank need them.

The unsettling thing about this development was its apparent arbitrariness. Since 1979 the major bank crises have generally involved the revelation of a bad mistake—on currencies, on bonds, on property—which has triggered the collapse of confidence. The skeletons in Continental Illinois' cupboard had long since been exposed, but out of the blue rumours seemed to feed upon underlying nervousness in the money market and drastically affected the bank's access to deposits.

### Financial splits

The bank's plight was a reminder of the financial splits which large international banks have been driven by competition to perform in recent years. On the liability side of their balance sheets, the rise of the computer and of rapid communications has made the sources of funds ever more fickle and demanding. Where once there was a comfortable cushion of cheap sight deposits provided by loyal corporate and retail customers, there are today money market funds, interest-conscious company treasurers and other banks. They are all linked by a money market through which news and rumour travels almost instantaneously.

On the asset side banks have been induced to commit themselves for lengthening periods, lending on a going concern basis which means that the equity-like involvement in the borrowers' prosperity. The culmination of this trend has been lending to sovereign states in whose affairs the bankers have had little say and to whose assets they have had no recourse.

## Dissent in the stock market

THE 50 or so member shareholders in Laing and Crucikshank will be paid another £17.5m by Mercantile House as soon as the Stock Exchange relaxes its prohibition on bidings of more than 29.5 per cent by outsiders in the Exchange member firms. Already they have been paid some £7.5m for a stake of this size.

In contrast, members in dozens of small and medium-sized stock market firms up and down the country face a worrying time. Not only are they aware that their stakes in their own firms are worth little or nothing, but there is a real danger that they will face a serious drop in their profitability over the next few years.

Most of the big banking firms, and all the big jobbers, are pairing up with wealthy outside partners and are preparing to join in with the revolving door of the securities market. Banks like Barclays and Citicorp, merchant banks such as Morgan Grenfell and Samuel Montagu, and securities groups including Mercantile House, Charterhouse, J. Rothschild are among the outsiders who have decided to join the game.

### Backlash

Capital on the scale of hundreds of millions of pounds is now being committed to the London Stock Exchange, a development which ensures a radical transformation in the way it operates. In particular, brokers will cease to act just as agents, but will take on market-making functions, and will expand in other directions as well. Nearly all of this has happened within the space of six months. Not surprisingly, the smaller firms within the Stock Exchange—broadly those outside the top 20—have become very concerned at the speed at which the changes are taking place. An organised backlash is now becoming evident, and more than 70 firms are expected to be represented at a meeting organised by brokers Seymour Pierce and scheduled to take place in the City this evening.

There is a concern that financial pressures are tearing the market apart. The major firms wish to change the system as soon as possible so that they can complete their capital restructuring and offer dual capacity services—acting both as agent and market-maker—to their big institutional clients, both domestic and foreign. As the Laing and Crucikshank case has

developed by banks in the last 15 years has been the technique of floating rate lending in which they pass the interest rate risk through to the borrower. Recent fashions of monetary control have made this play important because they have led to interest rates becoming both higher, on average, and more volatile. The ploy retounds, however, when the interest costs overwhelm the borrower's ability to repay. The recent resurgence of U.S. interest rates was one factor behind the Continental Illinois drama, and it is, more generally, posing a new threat to the credibility of the banks which have extended to the Continent World's Cup board had long since been exposed, but out of the blue rumours seemed to feed upon underlying nervousness in the money market and drastically affected the bank's access to deposits.

The timeless message behind the Continental Illinois story is of the long-term value of conservatism in bank management, resisting the fads of the banking market and maintaining, above all, a healthy sceptical view of apparent liquidity ratios. The more topical message concerns the new wave of interest in finding a longer-term solution to the problem of developing country debt. After 18 months in which the onus of painful adjustment fell mainly on the borrowing countries, the spotlight has swung recently on to the banks. Could it be that "capitalising" or "capping" interest rates shield heavily indebted countries from the rise in U.S. rates, even if this meant allowing themselves to be "capitalised" or "capped" by Washington's economic policy-makers all the while?

### Tender

Capitalisation of interest buys a borrower time and thus makes the debt more palatable, even though it is little more than formalisation of the fresh-lens-to-day-interest that has gone before. But the mood in the U.S. money market last week was such that the banks' tendering plant from which to pluck a long-term solution to the debt crisis. If, a fortnight ago, the U.S. Federal Reserve began to feel its freedom to make monetary policy was constrained by the debt problem, it must feel doubly constrained today.

shown, there are some very bright opportunities available. Further, dealers involving leading firms of brokers are expected to be announced very soon.

But partners in small firms have been expressing their very serious worries to Stock Exchange officials. They fear that they will be denied access to the central market place on the same terms as the big firms and moreover that the market will dry up in a large proportion of the 2,400 equities listed in London because not enough assured member firms will put themselves forward. Many smaller firms rely for a large part of their business on a dealing on behalf of private clients in second-line stocks. Such clients are concerned that the future of this kind of business has been placed in considerable doubt.

### Challenge

Leading Stock Exchange officials are acutely aware of the dangers, and are now formulating plans to combat the fears of members. There are no concessions on the basic timetable for the introduction of dual capacity in leading stocks by the end of 1985, but it is possible that the new dealing methods might only be extended gradually to cover the entire range of listed shares. The Stock Exchange will also seek to reassure member firms that they will still be able to earn a living if they continue to act in single capacity—as agents only—without taking on the risks and responsibilities of market-making.

The Stock Exchange faces a difficult summer. Not only does it need to grapple with acute technical problems in selecting new dealing systems, but it faces the political challenge of carrying its disparate membership with it. There is likely to be an extraordinary general meeting in the early autumn, culminating in what could well amount to a vote of confidence in the leadership.

The important points are, first, that the Stock Exchange has a franchise and an international reputation which are well worth preserving, and, second, that it is not within the exchange's power to roll back the tide of competition which is sweeping through the world's financial markets. Unless the London market adapts to these new conditions, it will become irrelevant.

# BRITISH AEROSPACE APPROACH Thorn makes the markets gasp

By Richard Lambert

"I THINK they are trying to shock us," commented one leading City analyst. "In my case, they've succeeded."

The news that Thorn EMI has made a takeover approach to British Aerospace left the financial markets gasping for breath yesterday. Thorn's shares fell 32p to 583p—down from a year's high of nearly 700p.

The explanation for this reaction is obvious: a company which makes most of its money out of consumer spending has, in the view of most investors, no business to be making a major bid for a capital-intensive company which operates in a quite different market place, and which is approaching a cash hungry/high risk phase of business development.

Yet according to Mr Peter Laister, chairman of Thorn EMI, this initial response will soon be seen to be quite out of place. He said yesterday that the approach to British Aerospace was completely consistent with Thorn's development in recent years.

"When people have time to sit and reflect, they will appreciate the enormous compatibility of interest between the two companies," he added.

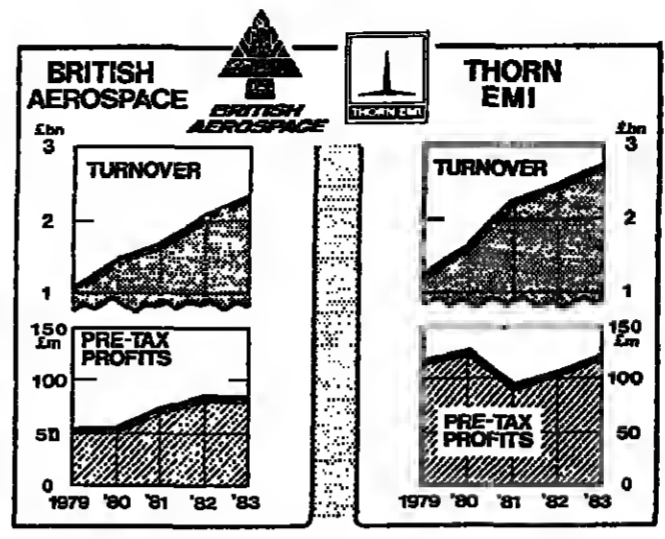
Thorn is certainly no stranger to controversial takeover bids. The founding entrepreneur, Sir Julius Thorn, built the business up in large measure through the acquisition of troubled competitors. As he approached retirement in the mid-1970s, he flirted with a number of marriage partners, including Grundig of West Germany and Hawker Siddeley—a company which then included a large chunk of the aviation interests which are now a part of British Aerospace.

Under the leadership of the recently retired chairman, Sir Richard Cave, the company made another major takeover which has a number of features in common with the latest move. It offered around £170m for EMI, a company then in serious financial difficulties, and one of its main motives was its wish to grab the high technology skills embodied in EMI's defence and non-medical electronics divisions, and in its research centre.

As Mr Laister was quick to point out yesterday, the City of London gave an immediate



**CHAIRMAN:** Sir Anstin Pearce (above). Group formed 1977 by nationalisation and merger of British Aircraft Corporation, Hawker Siddeley Aviation, Hawker Siddeley Dynamics and Scottish Aviation. Tories privatised group in 1981, with Government retaining 48.43 per cent of the equity, 1983 turnover £2.2bn—including



**BRITISH AEROSPACE**  
£883m in home sales—with just over £1.4bn of exports. Products include: military aircraft—Tornado, Harrier, Nimrod reconnaissance; civilian aircraft: wings for Airbus series; and also builds Type 125 twin-engine executive jets, type 748 turbo-prop and twin turbo-prop jetsstream. Also manufactures guided weapons and satellites

**THORN EMI**  
**CHAIRMAN:** Mr Peter Laister (above). Thorn was founded in 1936 by Sir Jules Thorn, who had come to Britain from Austria and built the company into a dominating force in the lighting industry, spreading later into radio, television and other domestic appliances. He retired in 1976. Thorn took



over EMI, with its defence, electronics and music industry interests in 1979. Thorn EMI's 1983 turnover of £2.89bn comprised: engineering (including defence electronics) £662m; music £500m; consumer electronics £787m; other domestic appliances £530m; lighting £350m; video, software and leisure products £110m

thumbs down to this diversification. "But the purchase of EMI has turned out to be an enormous success from every point of view," he claimed. "It's given us a balanced position in hardware and software, and as a result we are far stronger than we would have been if we'd been isolated in either area."

"Balance" is a word that is likely to be repeated with some frequency by Thorn spokesmen in the coming weeks. Although the detailed strategy behind the bid will remain under wraps pending negotiations with British Aerospace, Mr Laister made it clear that Thorn's goal was to shift the current weightings of its activities in two important respects.

"From our viewpoint, our company has two characteristics," he said. "The first is that it is heavily consumer oriented, and the second is that a large part of our customer base is in the UK."

Adding in British Aerospace would change that profile by bringing in a major business in capital goods which has a high proportion of overseas customers. The fact that the manufacturing base of the proposed partner is largely in the UK is neither here nor there, Mr Laister believes.

Thorn has no interest in defence electronics, but it is in the big league: Mr Laister estimated annual sales of just over £100m. The two companies have also touched hands in another high technology venture—the proposed British direct broadcasting satellite which is being manufactured by British Aerospace. Thorn is believed to be seriously interested in participating in the joint venture involving the BBC and ITV companies which will operate the

service in the UK.

But this was not the catalyst for yesterday's announcement. Rather, Mr Laister said, the company had made a strategic analysis which had concluded that a merger would produce the following benefits:

- The sheer size and strength of the combined businesses would in itself bring significant gains in terms of their position in the international marketplace.
- Substantial additions to the group's technology and research base. Until the EMI bid, Thorn's strength was regarded as a highly efficient production engineering company. "Come and see our factories, they'll inspire you," Sir Jules used to tell his visitors. But as the markets for consumer electronics and domestic appliances became more mature and subject to much increased international competition, Thorn's position began to be regarded in a different light. The bid for EMI was the first major change of direction—and the company claims—yesterday's announcement is a further step along the route to a high technology enterprise.

By broadening the base of the group in this way, Thorn believes it will be much less exposed to the vagaries of economic cycles. Its present business has a sharp production cycle, and is highly geared to the level of consumer spending. Indeed one analyst estimated yesterday that the upswing in UK spending on consumer durables had boosted its profits by some £30m a year—a figure which would be immediately vulnerable to any squeeze on disposable incomes. Profits on television sets and guided missiles are un-

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Sir Anstin recently divided BAe's future into three time-spans: the first through to 1986, the second to 1990 and the third from then on.

The emphasis, through the next three years, he said, would have to be on improving the efficient use of all of the group's resources, in terms of people, equipment and money.

For the next period, up to 1990, the company faced some

important decisions. Two had already been taken—the development of the A-320 and the 64-seat 'Advanced Turbo Prop Airliner (ATP)', which work on the UK's own version of the future European fighter, was under way.

"All these programmes will demand additional company investment in materials, machinery, and people's time. To create the resources for these investments we have to produce the revenue from existing projects and that means more sales, together with better prices and reduced costs."

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Michael Donne

### Treasury enters new waters

Tim Lankester, the Treasury's 42-year-old head of the Home Finance Group, has set an intriguing precedent by becoming the first official from the corridors of Great George Street to land a non-executive directorship with a commercial company.

Lankester, one of the Treasury's high fliers, will be combining his oversight of monetary and financial institutions with regular attendance at the Board of Ocean Transport and Trading, the Liverpool-based shipping group.

It is part of an effort by the Treasury to forge closer links with the "real" world of industry, although officials from other departments have taken similar liaison jobs.

Lankester himself is no stranger to the wider world outside the Treasury. He started his career with the World Bank in Washington and New Delhi and has worked as private secretary to James Callaghan, at No. 10 as well as to Mrs Thatcher when she took over the premises in 1979.

He also had a spell with S. G. Warburg, the merchant bank in 1981 before returning to the Treasury in 1983.

Ocean Transport, which made the initial approach to the Treasury, seems to be getting an extremely good deal, for Lankester is not accepting a fee for the directorship. But he has made it clear that if any conflict arose with his work for HMG, he would have to resign from Ocean at once.

### Walkabout

More waves in Lloyd's insurance market yesterday when it got about that four senior Sedgwick brokers are moving across to rivals the Alexander Howden Group.

Most of those in the know had been anxious to keep the news transfer quiet for at least a little longer while some loose ends are being tied up.

Dennis Mahoney, Brian Ainsworth, Paul Chilton, and Ian Waite are the four men involved. At Sedgwick they

### Men and Matters

have handled business being placed on the London market by Alexander and Alexander in the U.S. Now they are expected to handle the same business at Howden Group, working in his new wholesale brokerage subsidiary, Alexander Howden Ltd.

A cosy arrangement for A and A which, of course, now owns Howden.

At Howden they are at pains to exploit the fact that they have not been poaching in their rival's offices.

"The four decided they wanted to change their careers and they approached us," a Howden man tells me.

### Standard bearer

Godfrey's career has taken him steadily up the ladder at chartered accountants Ernst & Whinney to become senior partner in 1980, serving two years as chairman of Ernst & Whinney International.

In addition to his responsibility for some of the firm's major audit clients, Godfrey has acted as a Department of Trade Inspector on two investigations—into Pinnock Finance and Rools-Royce. He also sat on the Fay Committee which looked into the Crown Agents.

Far from easing himself towards retirement, Godfrey has accepted the demanding job of chairman of the Accounting Standards Committee in succession to Ian Hay Davison who has retired after only two years of the usual three-year term to devote his full-time energies to his job as chief executive of Lloyd's.

Davison has had a controversial stint as ASC chairman, making radical pronouncements, overhauling the standard setting process and introducing such strange animals as SORFs, non-



sort of words more usually associated with computers than cultural and scholarly pursuits.

Yet cultured and scholarly was how Sir Julius Nixon, chairman of IBM (UK), yesterday described the ambitious project by Oxford University Press to computerise the Oxford English Dictionary.

When it emerges in its electronic form it will be the New Oxford English Dictionary, or NOED—an abbreviation which sounds neither cultured, scholarly, nor particularly nice.

Sir Frederick Dainton, chairman of the British Library, and a member of the NOED advisory council, pondered on calling it CO-ED. "The Computerised Oxford English Dictionary." But that was rejected on the grounds that it hardly seemed appropriate to an institution that had served access to women for 93 per cent of its existence.

Why not, one wonders call it NODE—a name to please computer specialists' love of acronyms while signifying a point of access to information in data communications jargon.

But perhaps that would be a greater heresy to traditionalists even than committing the touchstone of English culture to magnetic tape.

### Smell of success

From America, I hear that a certain Dudley Taw, of Cleveland, Ohio, has concocted a man's cologne designed to help promote its user to a position of great wealth and power.

"The cologne is called 'CEO,'" which stands for chief executive officer. For the man who wants to smell like the boss. . . .

The fragrance, I gather, is not over-powering, but rather "light and mellow." According to London-based marketing consultants, Kesher and Easle, business is booming for "CEO." But competition is already hotting up.

Victor of Milano, a subsidiary of Milan Perfume, has introduced "Wall Street" on the American market. "For the man who does more than trade stocks and bonds."

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gas

WEST GERMAN STRIKE WAVE

Now the real battle begins

By Rupert Cornwell in Bonn

JUST FINPRICKS, the West German engineering union IG Metall is modestly calling its first, selective strikes this week in the mighty prosperous region around Stuttgart.

But if the results already achieved are anything to go by, these first hours of the real battle for a 35-hour week would seem less an experiment in industrial discipline than a heavy gauge taken to the country's body economic.

Thus far a mere 13,000 men at 14 car component factories in northern Baden-Wuerttemberg have downed tools. But hardly had they done so than the prestige motor manufacturer BMW, which employs 41,000 people, announced it would have to largely close down its four main German plants for lack of parts. Other car companies are set to follow suit.

The confrontation is shaping up as the worst industrial dispute since late 1978, when 60,000 steel workers struck to demand a shorter working week. The mere prospect of serious strikes has been one reason why the Bundesbank has spent hundreds of millions of dollars lately to prop up the D-mark, and why the Frankfurt stock market has had a bad case of the jitters.

And these financial flutters betray a deeper fear: that without a settlement in the near future, chaos in the engineering industry could smoulder on the promising upswing in the German economy—on which not only the presently embattled centre-right coalition in Bonn, but also economic strategists around the world, are counting much.

In a way, it sounds just like Britain: the car industry threatened with paralysis; the printers, also campaigning for a 35-hour week, playing merry, if intermittent hell with newspaper production, the public sector workers' and railway unions talking of solidarity action of their own.

But in West Germany the effect is somewhat more telling. In the first place, the country is simply not used to strikes on the scale that could now happen. Here, unions have traditionally worked closely with management. The trauma of World War II has seen to it that economic performance has been the main measurement of national success.

For precisely these reasons, many expected that the months of management-union sparring on a shorter week would have ended in a peaceful solution. Just why they did not, will doubtless long exercise social historians.

Increasingly the unions are run by men of a post-war generation, who see a shorter working week if not as a reward for decades of success, at least as a means of bringing many of the country's 2.5m unemployed back to a job.

Germany's potent leisure ethic is also at work—as is the union movement's need to reassert its authority and independence and to secure some recompense for the belt-tightening demanded of labour by the Christian Democrat-led Government, since its return to power in the autumn of 1982. Wages rose in 1983 by less than the rate of inflation.

The entire momentous battle is being led on the union side by an unassuming but infinitely skilled negotiator, in the person of the 61-year-old Herr Hans Mayr, who took over as head of IG Metall only last October, but after 20 years experience on its executive.

Hardly less influential is his assertive deputy, Herr Franz Steinkuehler, and 15 years his junior. Herr Steinkuehler in fact comes from the Stuttgart area—and his chances of succeeding to the top job in less than three years, when Herr Mayr steps down, could well depend on the outcome



IG Metall's chairman Hans Mayr (left) with his deputy Franz Steinkuehler

of the present struggle. And whatever the tangible hardening now of the resolve of both leadership and rank-and-file, as the stakes grow higher, both entered the strike with reluctance; polls indeed suggest that shoulder misgivings still remain.

The 13,000 so far called out are fewer than in all but one of the 12 strikes in the engineering and steel industry here since 1949. The union has been careful to skirt the troubled steel and heavy engineering heartlands of the Ruhr, where strike ballots probably would not have given the 75 per cent approval required.

Instead, IG Metall picked on the flourishing, traditionally militant areas around Stuttgart, and around Frankfurt, where similar strikes are scheduled to start next Monday. However, even in those two regions, the "Yes" vote was only just over 50 per cent—the poorest result of any since a four-month dispute in Schleswig-Holstein in 1956-57.

But in the fortnight since those ballots, the strikers' mood has hardened appreciably. A smaller determinant has been the Government's cack-handed and cynical performance over its proposed amnesty for those suspected of tax evasion arising from contributions to party funds.

But what has really stiffened the unions' back has been fact-finding into disrepute. The Department of Employment, however, has joined the ESRC and the Policy Studies Institute in one of the most important recent research projects in industrial relations. The first publication from this joint sponsorship came out last year and has been widely acclaimed. One hopes this will create a precedent. Evidence must not only be true but must be seen to be true.

Dr Frank A. Heller, Tavistock Centre, Belsize Lane, NW3.

Obsession with exam results

From Mr J. Gleadon

Sir,—Parental insistence on academic qualifications reolved no mention (May 14) as playing a part in the obsession with exam results. While parents may happen to be employers, their reasons for wanting qualifications are not entirely identical, and they have a greater ability to influence achievement.

Education to standard without the need for exam results is indeed desirable, not least because it would generate the need for more "human" interaction between employers and candidate or employee.

Both parent and employer could be expected to encourage an exam-less education if the public system on offer were to display management and marketing expertise, indulge in public relations and, above all, positively encourage "ivy towers," and in time produce candidates unsuitable for the very same employers!

J. N. Gleadon, Molelets Farm, Cowbeech, Sussex

secret and discretion regarding their jobs, a more importantly despite the extremely difficult circumstances in which these trade union loyalists now find themselves there will be no conflict of loyalty in the future regarding the absolute secrecy, which of necessity, surrounds their jobs.

It is possible, even in 1984, for GCHQ workers to remain loyal to their work and to their unions.

(Mrs) Elaine R. Windust, 31, Hales Road, Cheltenham, Glos.

Objectivity in monitoring

From the Director, Centre for Decision Making Studies, Tavistock Institute of Human Relations.

Sir,—You have recently published three pieces of news on worker participation which reflect a growing measure of anxiety. Income Data Service (May 8) that the EEC 5th directive on industrial democracy could still become law (May 8). Mr Pat Lowry, the chairman of Acaes, urges (May 3) companies not to wait on legislation for worker involvement but to act now because without it "we shall never get our industrial relations right."

In the same issue you say that the Government is planning to exert stronger pressure on companies to take positive action... and Mr Tom King, the Employment Minister, seems to think that the 1982 Employment Act Section 1 gives the necessary stimulus by asking companies with more than 250 employees to say in its annual report what they are doing about information disclosure and involvement.

The Government sees the voluntary approach enshrined in the 1982 Act as an adequate substitute for the mandatory proposals of the EEC. This may very well be so, but it has to be tested.

Being a sensitive issue, it is unfortunate that the Department of Employment seems intent on monitoring the success of its own legislation. One doubts whether objectivity can be achieved in the circumstances of the political pressures surrounding this topic.

There has in fact been a tendency in recent years for protagonists of particular policy preferences to carry out what is described as "research."

Some of it has been disturbingly bad and will bring real

management. In West Germany there is no equivalent of Britain's Acaes, and Herr Mayr has rejected—for the time being at least—the idea of a political mediator (even if an obvious candidate were to hand), so the outcome of the dispute would seem to depend on which gives out first: the capacity of the union movement to finance a really extensive strike, or the readiness of companies to withstand severe sales and production losses.

The answer, however, may be sooner in coming than expected. Thus far, only the north Baden-Wuerttemberg employers have decided to stage retaliatory lockouts—in which situation the union has to give strike pay not only to its own members but to all workers affected.

But what is already happening in the flourishing car industry may have similar consequences. The components shortages affect a sector which, directly or indirectly, provides jobs for one in seven of all German industrial workers.

Not only do they boost annual exports of DM 72bn, more than any other sector of industry, between them the car companies employ 680,000 people, their suppliers a further 400,000. BMW made clear that the people it was forced to lay off would receive no pay from the company, even though it carefully avoided using the word "lockout."

The right of companies to stage "cold" lockouts (ie in cases where they themselves are not directly strike-bound) is a matter of legal contention here. Even so, the more quickly the strike's effects ripple out from the Baden-Wuerttemberg epicentre, the greater is likely to grow the financial pressure on IG Metall—for all its vaunted "war chest" of over DM 450m of immediately available funds, built up in recent years. This vulnerability is a clear target of the employers.

For the moment such calculations are unspoken, of course. Both sides go daily through the motions of professing their readiness to restart negotiations, while quarrelling over whether this should be national, or piecemeal at a regional level, as the union would like. Right now the words have a hollow ring, but a few more "finpricks" and the time might swiftly change.

From Professor D. Myddleton

Sir,—Mr Scargill is quite right to say that the 1974 plan for coal has not been fulfilled. Last year's Monopolies and Mergers Commission report noted that between 1974 and 1982 the average reduction in output was equivalent to about 1.7m tonnes a year, compared with the 3 to 4m tonnes a year envisaged in the plan for coal.

In total some 16m tonnes a year of capacity now needs to be closed simply to implement what the unions agreed in 1974. According to the MMC report, in 1981-82 the worst 16m tonnes of capacity accounted for losses before interest of at least £332m. Not many industries could afford to throw away so much money each year and still survive.

D. E. Myddleton (Professor), Cranfield School of Management, Cranfield Institute of Technology, Cranfield, Beds.

London economic summit

High time for Europe to act in concert

By Henry Owen

IN HIS recent article in the Financial Times (March 19), Ian Davidson is right in saying that the European Community countries need to get their act together if the summits of the seven industrial countries are to fulfil their potential. A good case in point: it was the inability of the European Community to agree on tough and enforceable European national oil import ceilings at the Strasbourg European Summit which led to the overly generous seven-nation oil import ceilings agreed a month or two later at the 1979 Tokyo Summit.

The authors of the Trilateral Commission report referred to by Mr Davidson are also right in wanting to see summits revert to the pattern of trade-off bargaining and decision-making established at the Bonn 1978 seven-nation Summit, when the U.S. removed oil import price controls in response to the economic growth and trade decisions that it secured from its allies. The removal of these U.S. controls was probably the most important element in Western energy policy in the late 1970s, but it was politically impossible for domestic reasons for a U.S. President to take this action unless it could be encased in an international package.

The trick at London and succeeding summits will be to take account of both these conclusions. Indeed, they are mutually reinforcing. The kind of bargain that the Trilateral Commission report proposes is more likely to be struck if the European nations can achieve greater unity, which would enable them to deal with the U.S. and Japan on a basis of rough equality. This unity, in turn, is more likely to be achieved if the European countries can see how it would help them to negotiate useful agreements with the U.S. and Japan, at the summit and elsewhere.

The definition of a useful summit agreement, now as in 1978, is one that will make it easier for a U.S. President to change course. In this case the change would involve taking the painful decisions required to reduce the large U.S. structural deficit. That deficit should

be of special concern to Europe, in part because it intensifies an even more basic problem: the low rate of U.S. saving. In a sense the U.S. is the mirror image of Japan: there is a built-in tendency toward a high consumption which keeps the U.S. savings rate low, even in the face of the high incentives now provided by tax laws and high interest rates.

Because the U.S. has a low savings rate, it needs to import capital from Europe and Japan. That need is enhanced by the fact that the U.S. federal government competes with the private sector in seeking savings to finance its deficit. That same deficit creates doubts abroad about the U.S. economy, which could diminish capital flows to the U.S., and the resulting higher inflation and lower growth could do considerable damage to the world economy.

The European countries need to consider what actions they could take to make it easier for a U.S. President to reduce this deficit. I suggested some of these economic actions in this space on February 1 this year. The Trilateral Commission report proposes another type of package with the European countries offering a greater defence effort in return for a reduced U.S. deficit. But whatever form European actions take, they could be more convincingly pledged by the European Community countries as a whole than by individual European countries. One of the major goals for the Community's heads of government should be to work out a package to offer the United States, if not at London in 1984 then at the Bonn Summit in 1985, to this end.

If they do not revert to such a pattern of trade-off bargaining and decision-making, even very informal and intimate summits will not accomplish much. No amount of good conversation and

better understanding among the heads of government will, by itself, lead to a reduction in existing barriers to more efficient use of the world's resources. Only concrete agreements relating to these barriers will achieve the desired result. Prime among these barriers now is the U.S. structural deficit.

When Dwight Morrow, a prosperous Morgan partner, was wondering whether to accept President Coolidge's proposal that he become U.S. ambassador to Mexico, he asked the President what good he could hope to accomplish in that country. Coolidge answered that the job of governments is not to do good things; it is to avoid or prevent bad things from happening. Morrow's job in Mexico, he explained, would be to avert the then threatening war between the U.S. and that country.

Coolidge's comment is even more relevant to the role of the seven-nations summit than to that of national governments. Summits have been at their best when they made it politically easier for heads of government to remove or reduce obstacles to sound growth (eg, oil price controls and trade barriers), rather than when they posed goals (eg, specific national rates of growth) that their governments lacked the means to achieve. The next round of summits can help to rid the world of a very large obstacle to growth, the U.S. oversized structural budget deficit.

As at Bonn in 1978, the domestic U.S. political barriers to necessary action are evident. Now as then, only U.S.-European co-operation can help to overcome those barriers. This co-operation requires a U.S. will, at the highest level, to reduce the deficit. It also requires the kind of bargaining discussed in the Trilateral Commission report. Here is a key reason for the European Community countries to seek greater unity, which will help them to carry out that bargaining.

The author is a principal in The Consultants' International Group in Washington. From 1977 to 1981 he was ambassador-at-large in charge of U.S. preparations for the annual seven-nation Western economic summit.

Dealing with the debt crisis

From Mr W. Low

Sir,—International bankers have been almost as fast in proposing solutions to the international debt crisis as they were in lending the money which created the current turmoil. Mr David Potter's suggestion (May 9) that all lending countries should reduce their interest rates by, say, one third is superficially attractive. It contains a fatal flaw, however, namely, that if Mr Potter's proposal is implemented then all depositors also will earn one-third less in interest. In other words Mr Potter is asking that someone else should pay for the errors committed by the banks.

I would be more impressed by bankers proposals to resolve the international debt crisis if they did not involve the use of funds belonging to innocent individuals to enable banks to escape the consequences of their mistakes. I have yet to hear a banker propose to alleviate the burden of debtors by reducing the generous fees earned by banks by arranging such loans. In fact, it is my understanding that several so-called "restructurings" have resulted in lenders receiving higher fees!

Any assistance provided by Governments (otherwise known as taxpayers) to troubled banks should involve an element of reciprocity—a concept not unknown to the international financial community, for example, states aid could be extended in return for a stake in the recipient bank's capital. As bankers themselves are fond of saying, there's no such thing as a free lunch.

William F. Low, 25, Mosaic Drive, Onchan, Isle of Man.

Wrongful use of insolvency

From Mr T. Donaldson

Sir,—I have read with interest the discussion about the Government's proposal to ban directors of companies which go into involuntary liquidation. It seems to me that the Government's basic position is sound, but that the objections of the CBI and others also are valid. The absolute rule proposed will indeed discourage people who might be able to turn a sick company round from accepting the challenge.

Surely a compromise is possible which meets both points of view. Anybody who had been a director of a company for less than a given period, perhaps a year, before the start of the liquidation (or appointment of a receiver or

Letters to the Editor

administrator if this leads directly to the liquidation) should be provisionally exempt from the ban. The proviso should be that any creditor or shareholder could petition the court to lift the exemption; the court should only do so if satisfied both that the director had behaved imprudently or improperly, and that this behaviour contributed significantly to the company's failure.

Beyond the one year period, a director should be able to request exemption from the ban if he could show: (i) that the company had already been in serious trouble when he joined it; (ii) that he had joined at the specific request of one or more creditors or shareholders to try to reverse the company's decline; and (iii) that, apart from any normal errors of judgment, he had done everything reasonably possible to save the company.

The onus should be on the director to demonstrate this. He could, however, presumably call in aid the bankers or institutional lenders or shareholders who had initially asked him to go on the board and had worked with him in his efforts to save the company. Indeed, he could make it a condition precedent to joining that reputable shareholders or creditors certify to the first two points in writing.

Thomas H. Donaldson, Longhope, Rignall Road, Great Missenden, Bucks.

Loyalty is possible

From Mrs E. Windust

Sir,—I was interested and heartened to read the article by David Brindle (May 12) "GCHQ union loyalists try skittles option," but in his last paragraph he commented that it was "remarkable" that in view of all the publicity none of the 150 union loyalists had said a word about the details of his or her job. As the wife of a GCHQ "C" optant I must differ from Mr Brindle on that point.

In my opinion it is not at all remarkable that none of the union loyalists has said a word about his or her job. An essential point of the trade union's case against the ban is that there has been no conflict of loyalties about the need for

Advertisement for Stevenage. Text: "Stevenage it's that ancient circle of stones... isn't it?" Description of the town's benefits and development. Includes an image of a computer terminal and a pair of scissors icon.

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Industrial production in U.S. up 1.4%

By Stewart Fleming in Washington

INDUSTRIAL production in the U.S. rose by a strong 1.4 per cent in April...

Marcos confirms size of opposition in poll

BY CHRIS SHERWELL AND EMILIA TAGAZA IN MANILA

PRESIDENT Ferdinand Marcos last night conceded that opposition parties in the Philippines would win 40 to 45 seats of the 183 contested in Monday's parliamentary elections...

The President's assessment, made in an interview with journalists, came as hundreds of protesters staged a noisy torchlight demonstration outside the office of the Commission on Election to demand a fair official count of the votes.

that in the checking and correlation of votes, the official results may be at odds with the early projections.

Mr Salvador Laurel, head of the opposition United Nationalist and Democratic Organisation (Unido), last night met the election commission chief to express concern about alleged instances of ballot box theft and suspended counting.

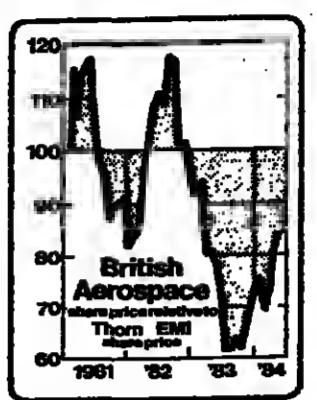
Paris bid to lift stake in Roussel

By David Marsh in Paris

COMPAGNIE Financière de Suez, the French nationalised financial and industrial holding company, has launched a bid to take over part of the French Government's stake in Roussel-Uclaf...

THE LEX COLUMN Wings for the Thorn bid

Thorn EMI's plan to merge with British Aerospace could either win prizes for being one of the most imaginative corporate initiatives for years, or end up condemned as one of the most illogical pieces of opportunism.



at a period when Thorn's video-rental activity will be gushing out cash at an embarrassing rate.

This form of financial synergy can be added to the helpful effect which acquiring BAE might have on Thorn's earnings per share - at least in the first year.

Whether that grouping would then have the enhanced international credibility which Thorn is after is more difficult to assess.

From Thorn EMI's standpoint, the diversity of the two groups could offer solutions to more than one strategic puzzle.

After all the argy-bargy over Reuters, the appearance of an offer-for-sale document of any description must be counted an achievement.

Despite the professed equanimity of the Reuters camp about the attitude taken by the institutions, there can be little doubt from the evidence now to hand that the offer for sale is a very different exercise from that contemplated a few months ago.

ing only 27 per cent of their collective investment - with News International electing to retain its entire holding - and the market capitalisation at the minimum tender price is less than half the more fanciful estimates of £1.5bn which were being bandied around late last year.

The minimum tender price looks, however, to be no more than a long stop. A conservative figure of 180p per share enabled this controversial issue to be underwritten without much trouble yesterday, but the company can rest assured that the price range supplied in the U.S. prospectus looks a much more reliable indicator of the eventual proceeds.

In practice, this dual approach should give the UK investor a clearer idea of the likely striking price as the New York market, after consultations with London, converges on a consensus figure.

Now that the institutions have been brought to water, they are faced with the tantalising choice of whether to drink. The minimum tender price has been set so low that failure to subscribe at all would almost be a dereliction of commercial duty, while capitulation at this stage would only play into the hands of those who have argued all along that they are motivated less by an issue of principle than by a desire to drive the issue price down as far as possible.

From the shareholders' standpoint, the ideal solution would have been to issue a bare minimum of shares, wait for the opposition to crumble and then sell gradually into a rising market.

The prospectus itself is long on history and general information but somewhat short on detailed segmental data. Splitting out the profit or even revenue contributions of individual services is, perhaps, an impractical task, but the upshot is that investors will have little idea about where Reuters makes all that money.

Mexico plans switch of focus in foreign borrowing policy

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

MEXICO PLANS to shift the focus of its foreign borrowing next year to reduce significantly its dependence on commercial bank financing...

In 1985, Mexico's net new borrowing needs will be about \$3bn, almost all of which should be provided from official sources such as the International Monetary Fund (IMF) and World Bank.

Gross borrowing from non-bank sources should total about \$4bn next year, while Mexico also intends to renew the \$4bn acceptance facility arranged for its oil monopoly, Pemex, in 1984.

Mexico was not in a hurry to resume free market borrowing from banks but was now receiving "expressions of interest" from banks willing to lend to state borrowers such as the sugar concern Finasa.

At the press conference Sr Gurria said there was still a good chance that Argentina would reach an IMF agreement before June 30 when it has to repay commercial banks the \$100m they put into the March emergency rescue package.

He said there was a need to tackle debt problems over the medium term, but Mexico's holder of \$16bn annually in oil exports made its problems different from those of other countries.

U.S. sees no need for change, Page 4

Reuters set for public listing

Continued from Page 1

for more stock than we had available. "We started the underwriting at 9.30am and by 11am we knew we had no problem."

Many stockbrokers and investment managers remained confident that the boycott, organised by the National Association of Pension Funds and the British Insurance Association, and aimed at expressing opposition to Reuters unequal voting structure, had been successful.

One fund manager put the figure of major institutions to boycott the issue at between 20 and 30.

Mr Geoffrey Musson, chairman of the NAPF investment committee, said: "We are very happy. There was the odd instance of a pension fund taking its own line but I am not worried that the mass of our members will continue the boycott at the subscription stage."

One major investment group, a member of the NAPF, said: "We took up our allocation of 400,000 shares. As long as the stock conforms to the Stock Exchange's listing requirements and you know you have restricted voting rights you are going open-eyed into the investment."

Mr Peter Sedgwick, a director of Schroder Wagg, the UK merchant bank, said: "We accepted all the shares we were offered though we will not place them with our investors without their express approval."

France seeks price cut on Siberian gas

By Paul Betts in Paris

GAZ DE FRANCE, the French state gas utility, is negotiating with the Soviet Union "an important cut" in the price the French company pays for Siberian gas in its latest contract with Moscow, according to M Pierre Delaportie, managing director.

The contract involves supplies of up to 8bn cubic metres of Soviet gas a year. The first deliveries of gas under the contract began this year.

France and the Soviet Union are due to hold talks on the issue soon, and, although the negotiations are expected to be long, M Delaportie said the Soviets had indicated they would make any price changes retroactive to the beginning of the year if agreement was reached.

The French utility would also welcome a slower supply build-up and as much flexibility as possible in the terms of the contract.

Brazil wins major Iraqi contracts

By Andrew Whitley in Rio de Janeiro

MENDES JUNIOR, the leading Brazilian contractor, has been awarded two major contracts by Iraq, worth \$350m for civil works in the Euphrates River Marsh region, the scene of recent heavy fighting with Iran.

The contracts involve building a huge drainage tunnel under the Euphrates, near the town of Nassiriyah, an emergency spillway with 11 floodgates and a pumping station. Two canals will be dredged and nine road and rail bridges built.

A key feature of contract is the use of one of a 3,000-strong Brazilian labour force. Many of the Brazilians have been working in Iraq on a 1,040 km concrete railway in the north of the country.

Yesterday announcement by Construtora Mendes Junior, the parent company, that it had received a letter of intent from Iraq's Ministry of Irrigation, for the project, coincided with the conclusion of an agreement on "war damages" suffered by the Brazilian company on the Baghdad to Akasbat railway submitted a claim for \$300m in excess costs resulting from the three year war between Iraq and Iran. An announcement of a satisfactory settlement was expected in Brasilia last night.

Thorn EMI explores merger with BAE

Continued from Page 1

possibility of any part of BAE being hived off into Thorn EMI. If there was any merger at all, it would be a total one. He told shareholders that "the company is in excellent shape, and I believe we can look forward to a prosperous and exciting future."

Last year BAE earned a pre-tax profit of £82m on a turnover of more than £2.3bn, compared with a loss of £15m - after special provisions - on turnover of just over £2bn in the previous year. Exports accounted for more than £1.4bn of turnover last year, and at the end of the year orders in hand had risen to £4.9bn from £4.2bn 12 months previously. At the end of 1983 it employed nearly 77,000.

Nearly 20 per cent of BAE's turnover is accounted for by civil aircraft, including the Airbus family for which it builds the wings, and the BAe 146 regional jet airliner. It produces a range of military aircraft as well as weapons including the Alarm air-launched anti-radar missile. The group has worked extensively on communications satellites.

It was suggested by aerospace analysts last night that the Government might not be averse to selling off its 48 per cent stake in BAE, provided it was satisfied that a merger would be beneficial to the group, especially since it is a major defence supplier.

Aerospace analysts said BAE could be more comfortable in a larger group that was prepared to finance its development. BAE's current share price is well below net asset value, they added.

For the Thorn group, a merger with BAE would be its second driving force in five years into a sector which did not at first sight match its previous businesses. In 1979 it bought the record and publishing group EMI, and the music business now accounts for about 17 per cent of its turnover, which reached £2,890m in the year ending March 31 1983.

Pre-tax profits in that year were £122m and are expected to have risen to between £150m and £180m in the most recent financial year.

Paris borrowing plan Continued from Page 1 rowing this year - disclosed yesterday by M Delors - of FFR 67bn is in line with the expectations of the capital markets. M Delors laid out the possibility of French borrowers refinancing their loans over the coming years and lengthening the maturities but declined to go into details.

The continuing need for foreign loans stems from France's continuing deficit on capital account due both to repayments of principal on the debt and to a large programme of export credits.

Confusion on Peru's IMF loan terms

By Peter Montagnon, Euromarkets Correspondent

CONFUSION reigned among foreign bankers yesterday about Peru's unwillingness to stick by its recently approved International Monetary Fund (IMF) programme after senior government officials denied reports that Peru wants to revise the terms of its agreement.

Sr Brian Jensen, general manager of the central banks, said that the reports were "completely false."

Earlier news agency reports from Lima had quoted Prime Minister Sr Sandro Mariategui as saying that Peru could not repay its \$12.5bn foreign debt if it stuck to the IMF terms.

Speaking in New York Sr Jensen said that Peru was "fully committed" to the IMF programme. "The programme is a difficult one but Peru is fully implementing it," he said.

Sr Jensen is in New York with Sr Jose Benavides Munoz, the Economy Minister, for talks with bankers before going on to Washington on Friday. He said the minister was preparing a formal statement denying the reports from Lima.

In Washington the Peruvian officials will visit the IMF where they will present statistics showing that Peru complied with the programme during the first quarter of this year, Sr Jensen said.

None the less the programme has been highly controversial in Peru. Sr Carlos Rodriguez Pastor, the former Economy Minister, who negotiated the programme with the IMF, resigned six weeks ago and the IMF itself delayed formal approval of a Peruvian drawing on its funds while it ascertained that the new administration intended to honour the agreement.

World Weather table with columns for location, temperature, and other weather metrics.

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## Conti-Gummi continues improved performance

BY JOHN DAVIES IN FRANKFURT

CONTINENTAL Gummi-Werke, the West German maker of tyres and other rubber products, has continued to improve its performance and hopes to pay another "sensible" dividend on this year's results.

Herr Helmut Werner, the chief executive, indicated that a long strike by metalworkers, affecting the motor vehicle industry, "might create a new situation." The company, however, felt confident about prospects for this year, despite the uncertainties.

Conti-Gummi, which claims second place in the European tyre market after Michelin-Kleber of France, consolidated a lengthy recovery programme by paying a dividend of DM 3 per share on last year's earnings - only the second dividend since 1971.

It doubled group net profit to DM 41.2m (\$15m) on sales 4.3 per cent ahead at DM 3.39bn.

Herr Werner said that group sales revenue in the first quarter of this year was 12 per cent up on a year earlier, and operating profits were also better, because of an increased volume of sales.

Conti-Gummi's tyre division, including the Cootinental and Unirotyl brands, substantially increased its profits last year, in contrast to the general trend in the European tyre industry, said Herr Werner. It had gained ground particularly strongly in heavy truck tyres, while the industry as a whole suffered a setback.

He said that technical rubber products - a wide range of items, including conveyor belts and hoses, making up a third of group sales revenue - made a profit last year for the first time since 1978. But the Brazilian operation made a loss and might be sold or closed.

Conti-Gummi, meanwhile, is continuing to strengthen its links with partners in Asia, Africa and the U.S.

Herr Werner said that the Modi group in India, which makes tyres under licence from Conti-Gummi, is expanding its capacity to produce tyres for export markets, notably in the Middle East. Modi is also investigating setting up a manufacturing operation in Africa.

At the same time, Conti-Gummi's licensing arrangement with the General Tire and Rubber Company

of South Africa is "developing well."

Conti-Gummi also has a much wider relationship with Toyo Tire and Rubber Company of Japan and the General Tire and Rubber Company of the U.S., involving a two-way exchange of technology as well as local tyre production.

The U.S. company began producing continental tyres late last year for the replacement market.

Toyo has begun making Conti tyres for the Volkswagen Santana produced by Nissan, and Conti-Gummi is hoping to expand its sales to Japanese car manufacturers.

Herr Horst Urban, Conti-Gummi's finance chief, said there was still no indication that any interests had gained a major shareholding in the company.

To preserve its independence, Conti-Gummi proposes to seek shareholders' approval to limit the voting rights of any single shareholder to 5 per cent of the capital.

A number of other West German companies - for example, Deutsche Bank and Linde, the engineering concern - already have such voting restrictions.

## Hoesch forecasts strong upturn

By James Buchan in Bonn

HOESCH-WERKE, the West German steel and engineering group, expects a substantial improvement in earnings this year after ending the first quarter comfortably in surplus.

The group has managed to improve operating profits for 1983 to DM 30m (\$10.8m) from DM 21m, despite a decline of 9 per cent in turnover to DM 6.7bn.

However, the group warned of two uncertainties affecting the steel trading, which accounted for a third of Hoesch's total sales and was also in the black in the 1984 first quarter.

Hoesch is worried that closures in the motor industry as a response to the engineers' strike could affect sales of sheet steel while it is not certain that steel demand and prices will remain stable for the rest of the year.

After extraordinary earnings of DM 48m, net profits for 1983 were DM 51m against DM 19.5m in 1982.

The extraordinary earnings consist primarily of DM 306m in aid from the Federal Government for rationalisation and investment as well as the liquidation of reserves.

The dip in turnover stemmed from weak steel prices in the second half of the year and the sharp reductions in steelmaking capacity. However, personnel costs fell in response to the 3,000 jobs cut in the course of the year and interest payments were down from DM 203m to DM 133m.

Although Hoesch has no intention of paying a dividend for 1983, and probably not for this year either, the company intends to push on with plans for a rights issue this year to help finance modernisation of its steel business during the next four years.

Herr Detlev Karsten Rohwedder, chief executive, said that Hoesch would "trust in the market" and Hoesch officials pointed to two important successes since the break-up of the Hoesch merger with Hoesch of the Netherlands in 1982.

The patent cuts in steelmaking capacity, including DM 1bn in redundancy payments, have been largely completed. This improves the outlook for profitability in steel-making provided production and prices hold up.

## Rütgerswerke lifts payout after recovery

By Our Frankfurt Staff

RÜTGERSWERKE, the West German chemical group, has increased its dividend after a recovery in sales and profits.

The company, which lowered its dividend from DM 8.50 to DM 7 per share after a setback in 1982, has lifted its payout on last year's earnings to DM 7.50.

Rütgerswerke, which produces a wide range of chemicals, plastics and road-surfacing materials, increased group sales to DM 3.35bn (\$1.2bn), up 7.7 per cent.

Net profit of the group was barely ahead at DM 22.3m, but parent company net profit was up 5.9 per cent at DM 17.94m.

Professor Heinz-Gerhard Franck, the chief executive and head of the West German Chemical Industry Association, indicated that sales and earnings in the first four months of this year were well ahead of the same period last year.

The company said that supply of chemicals to the aluminium industry had begun to pick up gradually only in the second half of last year.

## Boesky buys stake in Cooper Laboratories

By Our New York Staff

MR IVAN BOESKY, the Wall Street arbitrageur, has announced share acquisitions worth more than \$35m in building up substantial holdings in two public companies, Cooper Laboratories and Management Assistance.

The disclosures, made in filings with the Securities and Exchange Commission, come when Mr Boesky appears to be stepping up the pace of his activities.

Cooper Laboratories is a manufacturer of medical equipment, and has just sold its 82 per cent stake in Cooper to Nestlé of Switzerland. The Boesky stake, acquired since April 5 at prices ranging between \$15.25 and \$25.625 a share, amounts to 8.4 per cent and probably cost about \$30m. Cooper's earnings last year came to \$8.5m.

Both acquisitions were identified in the filings as "investments," and involve other outside shareholders.

## RESCUE PACKAGE MAY RESTORE CONFIDENCE IN CHICAGO BANK

# Conti Illinois banks on futures

BY MARY ANN SIEGHART IN CHICAGO

IN CHICAGO, if you are not a futures trader, the chances are you work at the city's largest bank, Continental Illinois. The vast neo-classical building which houses Continental Illinois headquarters sits on a block or two away from the two futures markets, the Chicago Board of Trade (CBOT) and the Chicago Mercantile Exchange. Between them, they trade well over half of the world's futures contracts and they rely heavily on Continental Illinois for their banking business.

Yet a few people at the board of trade have taken fright since rumours began that Continental was in some kind of trouble. Chicago Board of Trade Clearing Corporation, which acts as a clearing house for all the trades which go through the exchange, withdrew \$50m - almost all its members' deposits - from the bank last Wednesday, the day the rumours started circulating.

It re-deposited the money with Harris Trust, Northern Trust and First Chicago, the other big three Chicago banks. Today, the boards meet to decide whether Monday's \$4.5bn rescue package for Continental makes it safe enough to put the money back.

Still the clearing corporation has \$800m worth of letters of credit backed by Continental Illinois and deposited there which are meant to guarantee that members of the exchange and clearing system will be able to pay up on any losses.

Continental Illinois also executes all the clearing of CBOT trades. Last Thursday night for instance on the U.S. Treasury bond futures contract, \$400m worth of trade had to be paid for and a corresponding \$400m had to be collected. Continental Illinois handled all this business.

Mr Karsten Mahlmann, a director and member of the executive

committee of CBOT, thinks the clearing house was wise to withdraw the money when it did. "Under the rumours cloud that hung over the market, it was a prudent decision the clearing house made not to put all its eggs in one basket" he said.

Nevertheless, the CBOT itself has between \$12m to \$15m of its own money with the Continental. Because this is segregated in a trust account, Mr Mahlmann believes it is safe.

The futures markets are the lynch pin of Chicago's financial community. And within that community Continental Illinois still reigns supreme.

Of the 156 members of the CBOT clearing corporation, Mr Mahlmann estimates that two-thirds have a banking relationship with Continental. He claims to have heard of "a few" that have already moved that relationship to another bank. Some

relationships, though, are difficult to sever. The CBOT has just built a multi-million dollar extension to its art deco building. It is Continental Illinois which holds the mortgage.

The Chicago Mercantile Exchange (CME) uses Continental more than the other three big Chicago banks, but has not yet decided to change the banking relationship.

It and its clearing house have money in Continental Illinois accounts representing members' deposits on "margins," which ensure they are liquid enough to bear losses on their futures trading. A large proportion of CME's members also bank with Continental.

"We are aware of the rumours and are keeping abreast of daily developments but we haven't seen anything there that alarms us enough to take the action that the Board of Trade clearing house did," a CME official said yesterday.

## Mid-East unit for Occidental

OCCIDENTAL Petroleum is to set up a new Bahrain-based gas and oil exploration and development subsidiary and offer half its shares outside the U.S., primarily to Middle East investors, Reuters reports from Bahrain.

The shares in the new company, to be named Arab Oxy, are to be privately placed outside the U.S. by Arab Banking Corporation and Donaldson Lufkin and Jenrette Securities Corporation.

ABC and DLJ will place 21.5m shares in Arab Oxy at a par value of \$10 a share. The offering will begin immediately.

Dr Arnaud Hammer, chairman of Occidental, said revenues from operations in Pakistan and in the Netherlands sector of the North Sea, plus the net proceeds from the placing, will enable Arab Oxy to conduct active exploration, development and production operations principally through the Gulf, North Africa and Pakistan.

The object of the company, which will be formed by its Occidental Exploration and Production subsidiary, would be towards the development of a major regional oil company, he added.

## Rescue plan agreed for Seabrook utility

BY TERRY DODSWORTH IN NEW YORK

A PLAN which seems likely to avert the threat of bankruptcy for Public Service New Hampshire, the New England electricity utility, has been agreed by its partners in the disaster-prone Seabrook nuclear power station project.

The rescue, put together in a race against time by Merrill Lynch Capital Markets, the investment banking arm of the Wall Street securities firm, depends on the launch of a new financing entity called Newbrook. This is designed to ensure the completion of Seabrook unit number 1, a crucial part in the rescue, as the construction will avoid the need for heavy write offs, while allowing the utility to introduce a higher rating structure.

It is expected that PS New Hampshire will now be able to negotiate short-term loans of at least \$75m with its banks to see it through its immediate cash flow problems.

Further new financing for the utility is planned in the summer with the issue of a \$200m to \$300m debenture, according to Mr Robert Hildreth, managing director of Merrill Lynch Capital Markets.

The announcement of the plan has come only just in time to prevent the collapse of PS New Hampshire.

Earlier in the year, the company had talked of the possibility of filing for bankruptcy in April, and Mr Hildreth had also warned that it was on the brink of being unable to meet its obligations.

The company has already fallen into default on some of its short-term bank loans, and has skipped dividends on its common and preferred stock, but this week it has managed to make a \$7.5m interest payment on a \$100m debenture issue.

The main function of Newbrook will be to raise sufficient capital to finish the first unit at Seabrook, which is about 75 per cent complete.

Current estimates are that the project will require between an additional \$800m and \$1bn. Newbrook will both provide these funds and pay interest for two years on the securities of the utilities participating in the scheme. It will also guarantee PS New Hampshire's ability to pay back principal on its loans.

In addition, a sponsor which Merrill Lynch refused to identify has stepped forward to guarantee another 18 months of PS New Hampshire's interest obligations. If the utility defaults on these payments, the sponsor will be reimbursed.

## Turin bank in takeover negotiations

By Our Milan Correspondent

ISTITUTO Bancario San Paolo di Torino, Italy's fourth largest bank, has entered formal negotiations for the purchase of Banca Provinciale Lombarda, the private Lombardy Bank which is controlled by Sig Carlo Pesenti. Sig Pesenti is the financier who is under investigation by Milan magistrates for improprieties related to a 1972 loan from the Vatican bank.

San Paolo di Torino, one of Italy's more profitable banks, has been searching for a major acquisition for some time. It has been interested in Credito Varesino, the Nuovo Banco Ambrosiano subsidiary which was sold two weeks ago for 1,220bn (\$129m). It has also been interested in Banca Cattolica del Veneto, the other Nuovo Ambrosiano subsidiary which may soon be sold. But as one of the seven "pool" banks which owns Nuovo Ambrosiano, San Paolo has run up against a variety of political obstacles.

According to members of the Milan bourse, the purchase of the Pesenti bank could cost about 1,500bn.

## Monthly Income Deposit Account

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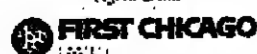


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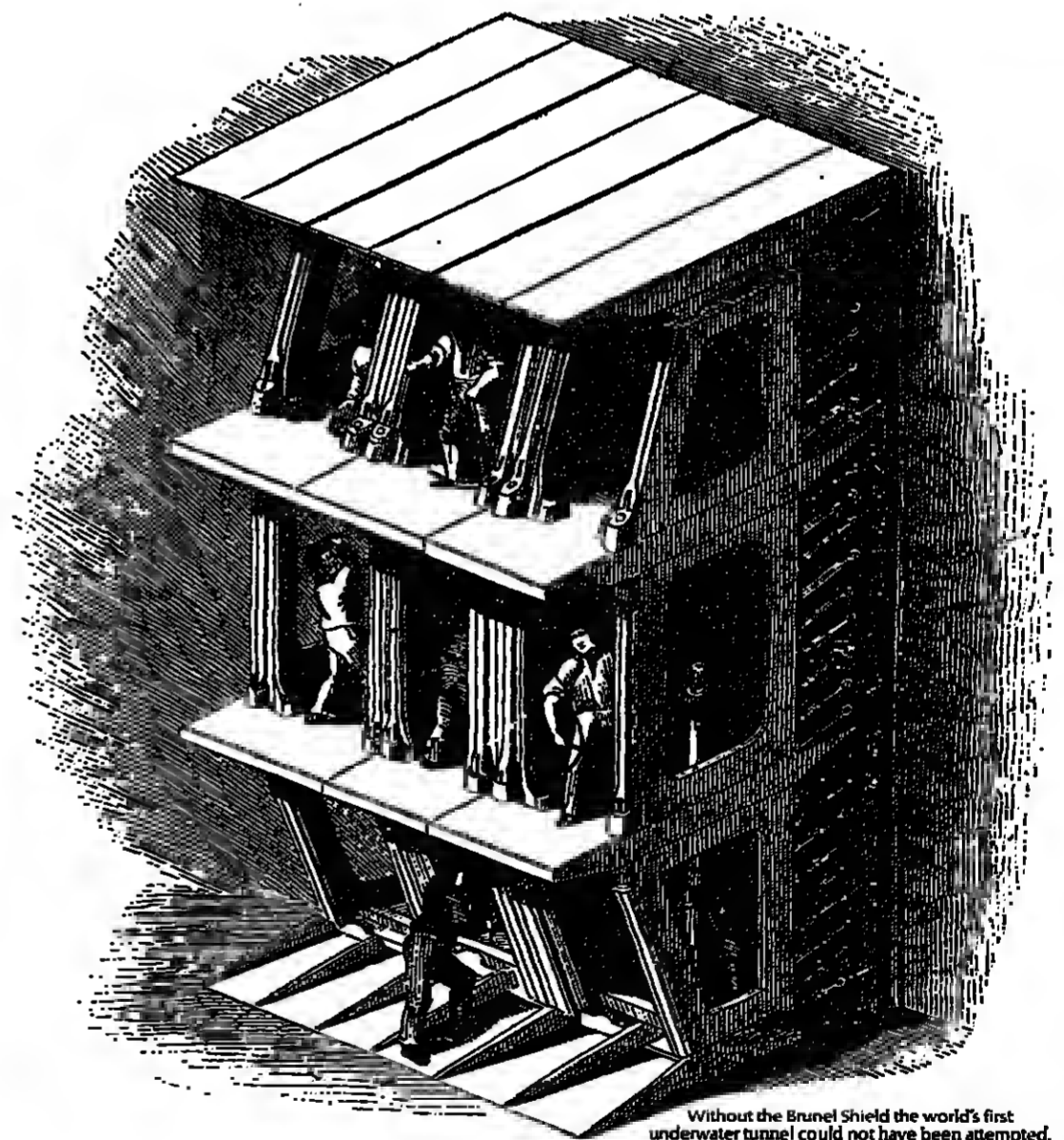


## BANCO DE CHILE

U.S. \$30,000,000

Floating Rate Notes due 1986 in accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the next Interest Period has been fixed at 12.50% per annum. The Coupon Amount will be U.S. \$326.15 in respect of U.S. \$5,500,000 denomination and will be payable on 19th November, 1984, against surrender of Coupon No. 7.

16th May 1984  
Manufacturers Hanover Limited  
Reference Agent



Without the Brunel Shield the world's first underwater tunnel could not have been attempted. The shield, used for tunnelling beneath the Thames at Rotherhithe in 1841, was the brainchild of the father of Isambard Kingdom. The other essential ingredient for this technological breakthrough was private capital.

## FINANCIAL ENGINEERING

The problems solved by the financial engineer are related to financial, not physical, stresses. Putting together the package most appropriate to a particular company's funding needs calls for financial engineering skills of a high order. It is skills such as these that lie behind the range of merchant banking services offered by European Banking, Corporate finance, Project finance, Capital market services, Foreign exchange and money market operations. Corporate and private portfolio management.

## European Banking

European Banking Company Limited,  
150 Leadenhall Street, London EC3V 4PP.  
Telephone: 01-638 3654 Telex: 8811001

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Boulevard du Souverain 100, B-1170 Brussels.  
Telephone: (02) 660 49 00 Telex: 23846

INTL. COMPANIES & FINANCE

# Divestiture of Steel Facilities

As a condition of the proposed merger of The LTV Corporation ("LTV") and Republic Steel Corporation ("Republic"), LTV and Republic have agreed with the United States Department of Justice to divest Republic's flat rolled carbon and alloy steel facilities located at Gadsden, Alabama and the stainless flat rolled steel finishing facilities located at Massillon, Ohio.

**GADSDEN, Alabama**

- **Products:** Carbon and high strength low alloy hot and cold rolled steel sheet, hot rolled plates and galvanized sheet.
- **Principal facilities:** Two coke batteries, two blast furnaces, sinter plant, basic oxygen furnace shop, blooming mill, plate mill, hot strip mill, pickler, tandem mill, two temper mills and a galvanizing line.
- **1983 Operations:** Shipped 674,400 tons of steel on sales of \$270.5 million; represents approximately 55% of Gadsden's sustainable shipment capability.

**MASSILLON, Ohio**

- **Products:** Stainless flat rolled steel products; the 3rd or 4th largest domestic producer.
- **Principal facilities:** Six cold reduction mills, three temper mills, annealing and pickling operations, two coil buffing lines, and other ancillary facilities.
- **1983 Operations:** Shipped 89,500 tons of steel on sales of \$161.4 million; represents approximately 96% of Massillon's sustainable shipment capability.
- **Supply:** LTV will offer a long-term stainless steel hot band supply contract to the buyer of Massillon.

Qualified parties which may have an interest in acquiring either or both of these facilities should contact **The First Boston Corporation** in writing.

Parties will be deemed qualified if they can demonstrate to the United States Department of Justice the intent and financial, operational and managerial capability to compete effectively in the manufacture and sale of, in the case of Gadsden, carbon and alloy hot and cold rolled sheet steel and, in the case of Massillon, stainless cold rolled sheet steel.

Please address written inquiries to:

 **The First Boston Corporation**  
Attention: Steel Divestiture Project  
41st Floor  
Park Avenue Plaza  
New York, New York 10055

# Fanuc to set up machine tools venture in China

By ROBERT COTTRELL IN TOKYO

FANUC, the Japanese company which is the world's largest maker of numerically-controlled machine tools, plans to set up a manufacturing facility in China as a 50-50 joint venture with Peking's First Ministry of Machine Building. The plant would be one of China's highest technology foreign investments so far.

Fanuc said yesterday that detailed negotiations are only now beginning between the company and China. The factory would probably manufacture control motors and computerised numerically-controlled (cnc) machines. The company added that cash investment and production volumes had yet to be determined while it had not been decided whether the plant will also manufacture industrial robots, a small but growing

area of the company's business. Fanuc already has a joint venture in robotics with General Motors, the U.S. car maker.

Fanuc set up a marketing office in Peking last August also as a joint venture with a Chinese government unit. Analysts say negotiations on the production facility may result in a contract signing in July this year.

Japanese analysts estimate that Fanuc hold a 40 to 45 per cent share of the world market for numerically-controlled equipment, including 70 per cent of Japan's domestic market. They project sales for the group of around ¥160bn (\$69bn) for the current fiscal year to March 1985.

• A consortium of large Japanese corporations plans to establish a \$435m nationwide

# Capital reshape at Great Eagle

By David Dodwell in Hong Kong

GREAT EAGLE, the troubled Hong Kong property company which recently sold hotel interests to Mr Bill Wylie's Asia Securities, yesterday announced a capital reconstruction intended to eliminate losses.

Shareholders are being asked to approve a reduction in the par value of its shares from HK\$1 to 50 cents, with a consequent reduction in paid-up capital from HK\$434m to HK\$217m (US\$27.7m).

The company said that the move is intended to wipe out the deficit on its profit and loss account as well as bring the share value into line with the value of its underlying assets. Two weeks ago Great Eagle reported losses for the year to September 1983 of HK\$341.16m, compared with a net profit of HK\$23.4m in 1981-82.

The bulk of those losses — over HK\$440m — was attributed to the sale in March of the company's 33.4 per cent stake in Regent Hotels (Holdings), whose main asset was the Regent Hotel, Hong Kong airport hotel. Regal reported debts of HK\$744m at the end of the year to September 1983. This stake, which had been held in the balance sheet as worth almost HK\$470m, was sold to Mr Wylie for less than HK\$90m.

Considerable interest was aroused by the deal, since Mr Wylie previously returned Hutchinson Whampoa, the trading company, and BSR, the UK electronics company, to profitability after taking control of them.

Great Eagle said yesterday that it is unlikely to generate sufficient profits in the immediate future to eliminate its accumulated losses and that dividend payments could not be restored while the deficit remains.

The reconstruction proposals will be put to an extraordinary shareholders meeting on June 2, and, after supreme court confirmation, are likely to become effective on July 17.

# Premier Group looks at the UK

By ADRIAN DICKS

PREMIER GROUP HOLDINGS, the diversified South African food, beverages and retailing group, is actively looking for opportunities to invest abroad, particularly in the UK.

Mr Peter Wrighton, deputy managing director, said in London that Premier's preference would be to enter a joint venture, at least initially. "We'd feel most comfortable in a country which speaks English and where the legal system is compatible with what we are used to."

Premier, which is South Africa's fourth largest company measured by market capitalisation, recently completed the issue of a \$50m five-year floating rate note — the first launched in the Eurodollar bond market by a South African private sector borrower for many years.

Mr Derek Hunt-Devis, finance director, says he attaches greater importance to the issue as a means for the company to establish its name in the international capital market rather than to the direct contribution it will make to the group's funding. He expects the proceeds to be converted into rand, to be used for the expansion of existing plant.

Premier is seeking to make itself known internationally as an independent company a year after Associated British Foods of the UK agreed to sell its 52 per cent controlling interest to a consortium of South African institutions led by Johannesburg Consolidated Investment and Liberty Life Association. The deal effectively also brought in the Anglo-American

mining and industrial group as a major shareholder.

A further dimension to the share deal, one of the most complex ever carried out in South Africa, was the transfer to Premier of a 34 per cent stake in South African Breweries, the country's monopoly beer producer.

Besides its ambitions to expand overseas, Premier is also keen to capitalise on what Mr Wrighton calls "a good reputation in Africa" by expanding its core businesses into neighbouring states, and is hopeful that the political climate may be improving between the Republic and black African states. Premier is already a major supplier of foodstuffs to black Africa but, its direct investment is limited to a relatively small exposure in Zimbabwe.

## JAPANESE RESULTS

CITIZEN WATCH Watches			MURATA MANUFACTURING Ceramic electronic parts			NIPPON SHINPAN Consumer credit		
Year to	Mar '84	Mar '83	Year to	Mar '84	Mar '83	Year to	Mar '84	Mar '83
Revenue (bn)	127	111	Revenue (bn)	118	93	Revenue (bn)	143	115
Pre-tax profits (bn)	10.74	8.32	Pre-tax profits (bn)	13.45	7.82	Pre-tax profits (bn)	15.02	16.35
Net profits (bn)	5.99	4.30	Net profits (bn)	5.29	3.85	Net profits (bn)	6.94	7.51
Net per share	26.74	22.50	Net per share	63.77	53.20	Net per share	32.80	36.65
Dividend (total)	7.5	7.5	Dividend (total)	13	12.75	Dividend (total)	8.25	7.5
PARENT COMPANY			PARENT COMPANY			PARENT COMPANY		
MITSUBI REAL ESTATE DEVELOPMENT Property			NIPPON COLUMBIA Audio equipment			LMV Supermarkets		
Revenue (bn)	248	224	Revenue (bn)	67	70	Revenue (bn)	488	444
Pre-tax profits (bn)	18.18	14.63	Pre-tax profits (bn)	4.53	8.21	Pre-tax profits (bn)	22.01	19.6
Net profits (bn)	8.09	7.27	Net profits (bn)	2.14	2.51	Net profits (bn)	8.92	9.44
Net per share	21.07	20.78	Net per share	34.53	40.45	Net per share	66.5	62.7
Dividend	8	8	Dividend	10	10	Dividend	66.5	62.7
PARENT COMPANY			PARENT COMPANY			CONSOLIDATED		

## Tokyo SE study

TOKYO — The Tokyo stock exchange is to set up a special committee to study the question of foreign membership — a controversial issue between Japan and the U.S. Kyodo

All of these Securities have been offered outside the United States. This announcement appears as a matter of record only.

New Issue / May, 1984

**U.S. \$150,000,000**  
**Sumitomo Finance (Asia) Limited**  
(Incorporated with limited liability in the Cayman Islands)

**12 3/4% Guaranteed Notes due 1991**

Unconditionally guaranteed as to payment of principal and interest by

**The Sumitomo Bank, Limited**  
(Kabushiki Kaisha Sumitomo Ginko)  
(Incorporated with limited liability in Japan)

Sumitomo Finance International    Salomon Brothers International Limited  
Crédit Commercial de France    Credit Suisse First Boston Limited

- |   |  |                              |
|---|--|------------------------------|
| BankAmerica Investment Banking Group          | Bankers Trust International Limited      |                              |
| Banque Indosuez                               | Banque Paribas                           | Barclays Bank Group          |
| Chase Manhattan Capital Markets Group         | Citicorp Capital Markets Group           |                              |
| Continental Illinois Capital Markets Group    | County Bank Limited                      | Daiwa Europe Limited         |
| Dresdner Bank Aktiengesellschaft              | Goldman Sachs International Corp.        |                              |
| Lehman Brothers Kuhn Loeb International, Inc. | Lloyds Bank International Limited        |                              |
| Merrill Lynch Capital Markets                 | Samuel Montagu & Co. Limited             |                              |
| Morgan Guaranty Ltd                           | Morgan Stanley International             | Nomura International Limited |
| Orion Royal Bank Limited                      | J. Henry Schroder Wagg & Co. Limited     | Société Générale             |
| Société Générale de Banque S.A.               | Standard Chartered Merchant Bank Limited |                              |
| Swiss Bank Corporation International Limited  | S. G. Warburg & Co. Ltd.                 |                              |

May 3, 1984

## Amerifin Corporation

has sold its wholly-owned banking subsidiary

## American National Corporation

to

## First Chicago Corporation

The undersigned initiated this transaction, assisted in the negotiations and acted as financial advisor to Amerifin Corporation.

## Salomon Brothers Inc

One New York Plaza, New York, New York 10004  
Atlanta, Boston, Chicago, Dallas, London (affiliate)  
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Member of Major Securities and Commodities Exchanges.

U.S.\$50,000,000  
**EUROPEAN ASIAN CAPITAL B.V.**  
(Incorporated with limited liability in the Netherlands)  
Guaranteed Floating Rate Notes Due 1992

Unconditionally Guaranteed by



**EUROPEAN ASIAN BANK**  
Aktiengesellschaft  
(Incorporated with limited liability in the Federal Republic of Germany)

For the six months  
16th May, 1984 to 16th November, 1984  
the Notes will carry an interest rate of  
12 3/4% per annum with a Coupon Amount  
of U.S.\$4.08 per U.S.\$10,000 Note, payable on  
16th November, 1984

Bankers Trust Company, London  
Agent Bank



**IDB INTERNATIONAL N.V.**  
U.S.\$50,000,000

Guaranteed Floating Rate Notes 1987  
Unconditionally and irrevocably guaranteed as to  
payment of principal and interest by

**ISRAEL DISCOUNT BANK LIMITED**

For the six months  
16th May, 1984 to 16th November, 1984  
the Notes will carry an  
interest rate of 12 3/4% per annum.  
The relevant Interest Payment Date will be  
on 16th November, 1984

Bankers Trust Company, London  
Fiscal Agent

INTERNATIONAL COMPANIES and FINANCE

Michael Thompson-Noel on a top trans-Tasman entrepreneur  
**Brierley acts to liven up IEL**

**IN AUSTRALIAN takeover circles, Mr Ron Brierley, chairman of the Sydney-based Industrial Equity Limited (IEL), a diversified investment group (the tentacles of which spread far and wide, is ranked in the same league as Mr Robert Holmes à Court, of Bell Group, Mr John Spalvins (Adelaide Steamship Company), and Mr Alan Bond (Bond Corporation Holdings).**

He is calm, courteous, diffident—a 48-year-old bachelor workaholic whose most famous recent foray was a partial bid for Carlton and United Breweries (CUB), Australia's biggest brewer, a move that triggered CUB's eventual takeover by its former subsidiary Elders-DXL, and yielded Ron Brierley a very handsome profit.

On the wider stage, Mr Brierley's New Zealand-based Brierley Investments (BI), through which he controls IEL, recently merged with Bunting and Company, another investment group. The enlarged group is described by Mr Brierley as "just about a perfect fit," and gives the enlarged Brierley Investments a market capitalisation of about NZ\$700m (US\$450m), making it NZ's third biggest company, after Fletcher Challenge and New Zealand Forest Products.

As chairman of IEL—market capitalisation A\$337m (US\$312m), making it Australia's 45th biggest company—and of Brierley Investments, Mr Brierley has his finger in more trans-Tasman pies than any boardroom rival in Australia or New Zealand.

As an entrepreneur and corporate raider, his qualities include the patience of Job, plus the skill of a truffle hunter in rooting out secrets from unlikely balance sheets.

It is ironic, then, that in recent months Mr Brierley has had to devote his skills as a company doctor and asset-builder to remodelling and revitalising that well-known scourge of inefficient businesses, IEL—for the truth, as he readily admits, is that in recent years, the Australian arm of his extensive empire had not only stuck largely to the slow lane, dabbling in minor industrial situations, but had grown complacent.

The result: under-performing assets, near-static profits, dwindling returns.

IEL's sprawl of interests includes an investment portfolio that contains major holdings in about 30 listed public companies, including Southern Farmers Holdings, a diversified Adelaide-based farming and food group which is IEL's most important subsidiary.

IEL's investments also span insurance, construction equipment, brick and tile manufacture, brewing, oil and gas exploration, timber, a Scottish paper mill (GP Papers), department stores in Cleveland, Ohio (Higbee Company), an important stake in MLC (the holding company for Australia's Mutual Life and Citizens Assurance), building materials, supermarkets and retailing, tex-

tiles, general warehousing, air-conditioning, and so on.

It is also a property developer, and has its own property trust (formerly the Equitable Property Trust).

At the end of its last financial year to June 30 1983 IEL had gross assets of A\$323m (US\$300m). Yet its performance has been steady, with 1982-83's net profit of A\$14.4m falling in line with inflation when compared with the previous year's A\$13.1m, or the A\$11.9m of 1980-81.

In its last annual report, IEL admitted that "in retrospect, there has probably been an excessive emphasis on long-term objectives in the past few years."

In addition, 1982-83's result was dogged by drought and recession, one or both of which affected virtually all its operating subsidiaries, so that Southern Farmers, for example, of which IEL owns 55 per cent, struggled to raise profits by 6 per cent to A\$4.4m.

A fundamental philosophy, said IEL, had always been to build a sound asset base, in the belief that good earnings naturally flow from good assets. But confidence in the quality of its assets had produced "creeping complacency that profits would emerge without effort." In other words, he failed to apply to ourselves the criteria which we used for investments in other companies.

"We'd become too much of an institution, thus losing a bit of our earlier aggressiveness," says Mr Brierley. He argues that his own role had changed from that of entrepreneur to that of de facto day-to-day manager, but that as a result of reorganising IEL's management structure and refocusing its philosophy, his role is reverting to a much more conceptual and entrepreneurial plane.

In the view of market-watchers, it is from this level that his recognised strengths in analysis, planning and strategy-formation can now be brought sharply to bear.

**Revamped**

In recent months, IEL's management has been revamped, with the debonair Mr Russell Howard, ex-Hill Samuel, who joined IEL in 1980, at the tender age of 26, already installed as deputy general manager, and due to become chief executive at the beginning of July. Mr Brierley is continuing as IEL chairman, but in a non-executive capacity, while Mr Bill Lowenthal, currently general manager, will become a non-executive director after July 1.

In the past year, IEL has also adopted much more aggressive manner in the marketplace, where it has been a mover and a shaker, par excellence.

Its move on Carlton and United Breweries early last December shook the CUB tree so vigorously that IEL was quickly able to sell the shares acquired to Mr John Elliott's



Elders DXL at a gross profit of about A\$11m producing a net profit, of the raid, of A\$5m, which will be reflected in IEL's second-half figures.

In a related move, IEL won control of Cascade Brewery in Hobart, of which it has 51 per cent, bought for about A\$20m.

"It's a relatively small company with some fairly clear attractions," says the IEL chief. As a result of its shake-up, IEL now appears to be performing far less sluggishly. In the six months to December 31, net profit grew to A\$8.2m (up 64 per cent).

To celebrate, IEL raised its interim dividend 25 per cent to 5 cents a share, and can expect very good things in the second half, given the gain from its CUB share dealings, and better returns at virtually all its subsidiaries and associates, including Southern Farmers.

In the view of one takeover expert, "IEL is an excellent team which has been the catalyst for several major reconstructions in Australian business, including the ANZ Bank's acquisition of Development Finance Corporation, and Elders' takeover of CUB. It is quite clear that IEL is going to be the catalyst for even larger takeovers."

As a tactician, IEL is often highly innovative, Mr Brierley's investment philosophy and technique being reminiscent of that of Mr Robert Holmes à Court at Bell Group.

However, unlike the Bell Group chief, who in the past year has launched a spectacular foray into the Australian mining and resource sectors, with major investments in oil, gas and coal (mainly via Bell Resources), Mr Brierley has done little to propel IEL into these areas.

He does not quibble. "If you wanted to be critical of certain aspects of our development—and there's plenty of scope for that—you could say we've missed the bus on resources, which is understandable in terms of our basic philosophy. Despite the speculative tag that has been applied to us so often, our approach has always been a very conservative one.

"If you're an assets investor, of course you're conservative. Clearly, that would not be consistent with investing in blue sky operations, which were the forerunner of so-called 'resources.' Resources covers an awfully large area. Nine out of 10 companies in the resource area haven't yet found any resources, and a lot never will."

Brierley Investments, IEL's parent, which made net profits of NZ\$25.4m (US\$16.4m) in 1982-83, owned shares in listed public companies at last June 30 valued at NZ\$209m. The nucleus of BI's growth over the past decade has been its "irreplaceable network of strategic holdings" in a broad cross-section of NZ enterprises, while its 1982-83 highlight was its takeover of Whitcoulls Cdn, now a wholly-owned subsidiary.

Whitcoulls is really five separate businesses: printing, packaging, book-selling, publishing and stationery. It has 53 retail stores, seven printing works and seven packaging factories.

**NZ skills**

Mr Brierley says the skills of the NZ printing and paper industries are equal to those of any country in the world—which is why BI has invested so heavily in this area, not only in Whitcoulls, but in NZ News, Williamson Jeffrey, Andas Group and Morrison-PIM Holdings.

The merger with Bunting, a one-time hushware firm, has produced one of Australasia's biggest investment groups, with interests that span the entire range of NZ commerce and industry, and also gives the expanded BI a 9.8 per cent interest in Ariadne Australia, a Brisbane-based investment and technology concern.

Bunting was run by former Brierley associate Bruce Judge. The Bunting-Brierley merger "just suddenly clicked as being the right deal for the right people at the right time," says Mr Brierley, with building supplies and manufacturing, retailing and tourism seen as the areas where Bunting will specifically boost BI.

The Bunting-Brierley marriage is likely to have minimal impact on the running of IEL or of Ariadne.

Mr Brierley is highly enthusiastic about the Australia-New Zealand Closer Economic Relations (CER) trade pact, despite current difficulties between Canberra and Wellington.

Like any normal 'healthy Kiwi,' Mr Brierley is a sports fanatic (especially cricket). He is also the owner of an extensive collection of computer chess machines. "One always feels that, like roulette, one day the simple formula for always winning chess games will materialise; but it is proving most elusive."

When his ingenuity at the chess board fails him, he can always return to the mathematical joys of conjuring more growth out of Brierley Investments and from former dull boy IEL.

**THE SWAZILAND Government is striving to find incentives to attract the foreign investment capital needed to stimulate the country's small and embattled economy.**

Swaziland is not attracting its fair share of the foreign investment earmarked for the region, because of more enticing investment allowances offered by its economically powerful neighbour, South Africa, Mr Derek von Wissel, the Commerce and Industry Minister, said at the opening of the Langa national brickworks, east of the capital, Manzini, last week.

The problem, as the Swazis are well aware, is that their own efforts to persuade foreigners to participate financially in resource-based industries have been outstripped by the incentives offered by the South African Government under its policy of decentralisation of industry. This policy is designed to promote industrial development of the border areas around the so-

**Swaziland pursues foreign investors**

BY CHRIS WILSON, RECENTLY IN MANZINI

called independent black states, such as Bophuthatswa and Transkei. South Africa offers generous tax allowances to industrialists and the incentive packages are further sweetened by cash rebates on wage bills, staff training allowances and other similar measures.

Swaziland knows it cannot match the South African incentives, but Mr Von Wissel says his Government is searching for "creative alternatives." With this in mind, the Swazis are examining the feasibility of cutting company taxes to improve the returns available to foreign investors. Swaziland has a top corporate tax rate of 37 per cent, well below the 50 per cent top in South Africa, and Mr Von Wissel says the authorities are looking to reduce corpor-

ate taxes by a further 5 per cent. The Swaziland Government's economic priorities are to reduce unemployment and rebuild the country's infrastructure, which has become ragged after two years of severe drought and recent floods.

Adding to Swaziland's difficulties is the problem the economy has in supporting its growing population. Mr Von Wissel pointed out that the population of roughly 850,000 is growing at the rate of 3.4 per cent per annum, while growth of only 2.1 per cent is forecast in the gross domestic product over the next five years. Amid the general economic gloom, the establishment of the Langa national brickworks has been welcomed by the Swaziland Government for some time.

the Swaziland authorities. With substantial financial and technical assistance from British companies and institutions, the E11m (£9.5m) brick factory will produce 30m bricks a year, rising to an eventual capacity of 65m.

Langa is 51 per cent-owned by Tshilo Taka Ngweni, a conglomerate which was set up by Swazi Royal Charter in 1983, and which now dominates the country's agricultural and industrial development.

London Brick has a 17.5 per cent shareholding in Langa and also provided much of the technology used in the factory. Other shareholders include the Commonwealth Development Corporation (12.5 per cent) and the German Development Corporation (17 per cent). The new brickworks will provide Swaziland with 2.5 per cent of its total export earnings and 30 per cent of extractive exports. Export earnings are dominated by sugar, and the heavy dependence on this single product has been a source of concern to the Swaziland Government for some time.

All of these securities have been sold. This announcement appears as a matter of record only.

May, 1984

**DH Technology, Inc.**

1,350,000 Shares  
Common Stock

- L. F. ROTHSCHILD, UNTERBERG, TOWBIN
- BATEMAN EICHLER, HILL RICHARDS
- BEAR, STEARNS & CO.
- THE FIRST BOSTON CORPORATION
- A. G. BECKER PARIBAS
- BVTH EASTMAN PAINE WEBBER
- DILLON, READ & CO. INC.
- DONALDSON, LUFKIN & JENRETTE
- DREXEL BURNHAM LAMBERT
- GOLDMAN, SACHS & CO.
- HAMBRECHT & QUIST
- E. F. HUTTON & COMPANY INC.
- KIDDER, PEABODY & CO.
- LAZARD FRERES & CO.
- LEHMAN BROTHERS KUHN LOEB
- PRUDENTIAL-BACHE
- SALOMON BROTHERS INC
- SHEARSON/AMERICAN EXPRESS INC.
- SMITH BARNEY, HARRIS UPHAM & CO.
- WERTHEIM & CO., INC.
- DEAN WITTER REYNOLDS INC.
- MONTGOMERY SECURITIES
- ALLEN & COMPANY
- F. EBERSTADT & CO., INC.
- A. G. EDWARDS & SONS, INC.
- OPPENHEIMER & CO., INC.
- PIPER, JAFFRAY & HOPWOOD
- ROTHSCHILD INC.
- THOMSON MCKINNON SECURITIES INC.
- TUCKER, ANTHONY & R. L. DAY, INC.
- ABD SECURITIES CORPORATION
- CAZENOVE INC.
- ROBERT FLEMING
- KLEINWORT, BENSON
- NOMURA SECURITIES INTERNATIONAL, INC.
- SANYO SECURITIES AMERICA INC.
- SWISS BANK CORPORATION INTERNATIONAL
- WOOD GUNDEY CORP
- YAMAICHI INTERNATIONAL (AMERICA), INC.

This announcement appears as a matter of record only

**Concordia Maritime AB**

Through Tankers Finance Ltd

**US\$ 30,000,000**

Medium term loan

To finance the acquisition by the borrower of

**Three stainless steel chemical tankers**  
**One tanker 22,000 dwt**  
**One tanker 132,000 dwt**  
**One VLCC tanker 270,000 dwt**

Guaranteed by

**Rederi AB Concordia**  
 Agent and lead manager  
**Svenska Handelsbanken**  
**Gothenburg**

**Bank of America**  
**NT & SA**

**Manufacturers**  
**Hanover**  
**Trust Company**



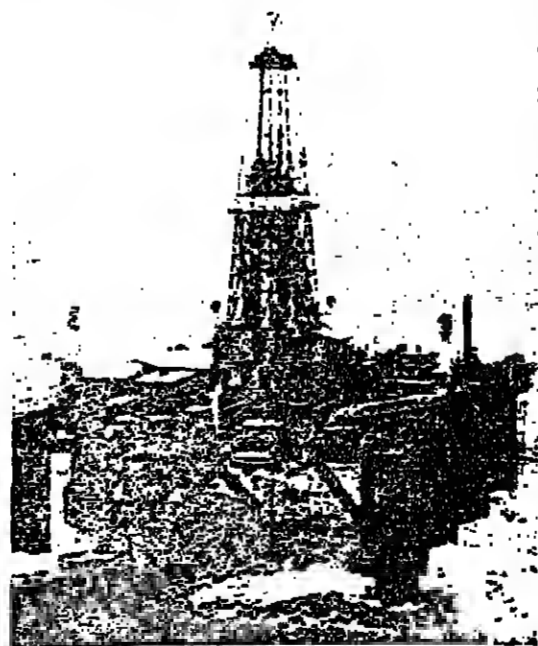
**NOVA**

NOVA is a major Canadian company operating through five business sectors: Gas Transportation & Marketing, Petroleum, Petrochemicals, Manufacturing and Consulting & Research.

The 1983 consolidated financial results of the Company remained strong, despite depressed energy markets worldwide. Assets at year-

end were \$6.5 billion. Revenue was \$3.8 billion and income before extraordinary items was \$150.7 million, slightly above the 1982 level. Funds from operations were \$87.4 million, up 36%.

Large amounts of new capital have been invested over the past decade, and the Company is now in a position to show improved returns on that investment.



A part of NOVA's consolidated capital program in 1983 was implemented by Husky Oil Ltd. (93% owned), a fully integrated petroleum company. Expenditures are being concentrated in three of Canada's major exploration and production areas.

The Atlantic offshore, where Husky has highly prospective land positions in the oil-prone Grand Banks off Newfoundland and on the gas-prone Scotian Shelf off Nova Scotia.

The heavy oil areas of Alberta and Saskatchewan, where enhanced oil recovery techniques are being used to achieve record-setting production levels.

Western Canada's conventional lands, where selective acquisition of high quality acreage and aggressive exploration has added to Husky's reserve base.

NOVA is a public, shareholder-owned company trading on the Toronto, Montreal and Alberta stock exchanges. Copies of the 1983 annual report are available from the investor relations manager at the head office address below or from the Company's Paying Agent: Bank of Montreal, 3 Queen Victoria Street, London, England EC4N 4XN.

**NOVA, AN ALBERTA CORPORATION**

P.O. Box 2535, Postal Station M, Calgary, Alberta, Canada T2P 2N6

Report for the Year Ended December 31, 1983

CONDENSED CONSOLIDATED BALANCE SHEET (audited)	As at December 31	
	1983	1982
	(Thousands of Canadian dollars)	
Assets:		
Current assets	\$1,090,827	\$1,205,969
Investments and advances	94,526	112,035
Plant, property and equipment (net)	5,541,801	4,870,533
Deferred costs	10,575	134,523
Other assets	56,525	8,804
	\$6,796,056	\$6,333,029
Liabilities:		
Current liabilities	\$1,031,354	\$1,189,901
Long term debt	3,404,579	2,740,612
Deferred income taxes	434,729	388,632
Minority interest in subsidiary companies	485,075	495,333
Shareholders' equity:		
Preferred	800,907	826,122
Common	639,413	692,479
	\$6,796,056	\$6,333,029
CONDENSED CONSOLIDATED STATEMENT OF INCOME (audited)	For the year ended December 31	
	1983	1982
	(Thousands of Canadian dollars)	
Operating revenue	\$3,823,005	\$3,520,056
Net operating income	\$ 544,063	\$ 511,699
Equity in earnings (losses) of affiliated companies	(6,505)	5,038
Allowance for funds used during development and construction	50,168	65,928
Other expenses	(1,434)	(3,188)
Interest (net)	(317,031)	(348,376)
Income before income taxes, minority interest and extraordinary items	267,161	251,161
Income taxes	(78,080)	(55,221)
Minority interest	(38,349)	(35,436)
Income before extraordinary items	150,733	150,524
Extraordinary items <sup>1</sup>	(115,605)	-
Net income	\$ 35,128	\$ 150,524
Earnings (loss) per common share		
Before extraordinary items		
Basic	\$ 0.50	\$ 0.80
Fully diluted	\$ 0.56	\$ 0.74
After extraordinary items		
Basic	\$ (0.38)	\$ 0.50
Fully diluted	\$ (0.38)	\$ 0.74

<sup>1</sup> Restated  
 In 1983, the Company recorded an accounting write-down of certain deferred costs and other investments and incurred losses on the disposition of certain manufacturing facilities.

# UK COMPANY NEWS

## Sears surges to £159m and steps up dividend

ALL THE major divisions of the Sears Holdings group showed a "most satisfactory" improvement in turnover and profits in the year ended January 31 1984, reports the chairman Mr Leonard Saines. Turnover rose by 15.6 per cent from £16.2m to £18.7m and profit before tax advanced by 40 per cent to £113.5m to £159.1m.

Trading profits before associates and interest charges were up from £113.2m to £154.6m. Footwear showed a 31 per cent improvement to £84.4m, with the turnaround in the U.S. economy, Butler Shoe's contribution rose from £5.5m to £12.7m. Department stores, jewellery and other retailing, including the fashion businesses, moved ahead 48 per cent to £36.2m.

Mr Saines says profits from motor vehicle sales and service were up 40 per cent, but the vehicle delivery side faced severe competition which resulted in an overall divisional profit falling from £8.1m to £7.4m. Licensed betting offices (William Hill) achieved a 75 per cent surge to a highest ever £11m.

The property division spurred 82 per cent to £14.3m; house-building, with sales of 750 homes, produced half of the division's profit. The modest contribution from engineering was maintained at £1.3m.

Earnings per share were up from 4.5p to 7.1p, excluding extraordinary debit to 1982-83, and the final dividend is 1.9p for a net total of 2.5p, compared with the equivalent 1.87p adjusting for the 1 for 3 share split.

After tax £32.7m (£45.7m), minorities £600,000 (same), and preference dividends £200,000 (same), the net profit attributable to the ordinary shareholders was £31.6m (£45.6m). The dividend costs £33.6m (£25.1m).

Famous High Street names in the group's retail interests are Saxe, Lilley and Syvener, True Form, Freeman Hardy and Willis, Selfridges, Robinson and Claver, Mappin and Webb, and Gurnard. Shares in other retailing operations showed an advance of 74 per cent to £8.6m.

The stores division increased its trading profit by 30 per cent to £19.4m, the fashion side rose 68 per cent to £9.1m, jewellery soared 175 per cent to £1.1m, and other retailing operations showed an advance of 74 per cent to £8.6m.

Budget tax changes will take £1.5m off the corporation tax bill this year, and the abolition of National Insurance surcharge benefits the group by £900,000 in the current year and £1.8m in 1985-86. Deferred tax adjustments are not considered necessary.

Reviewing the divisions Mr Geoffrey Maitland Smith, the chief executive, said in footwear retailing imports represented 75 per cent of the sales of British Shoe Corporation over the past year, "own make" made up 17 per cent and other UK manufacturers supplied 28 per cent. The market share last year was bumping up to 24 per cent. It is now touching 25 per cent, he said.

The stores division increased its trading profit by 30 per cent to £19.4m, the fashion side rose 68 per cent to £9.1m, jewellery soared 175 per cent to £1.1m, and other retailing operations showed an advance of 74 per cent to £8.6m.

## Cosalt cuts loss halfway and pays interim

LARGELY reflecting lower interim charges, Cosalt reduced its 1983 tax losses from £220,000 to £135,000 on turnover down £1.03m to £17.57m for the six months to February 28 1984.

The directors say that progress to develop Cosalt continues and borrowings are falling. Interest charges for the period were cut from £478,000 to £247,000.

The ship's chandlery division continues to perform well in all areas, despite the seasonally low level of activity in the offshore oil industry.

In the caravan division, in spite of the introduction of new machinery and management changes, Cosalt Caravans has not yet produced the results the company would have wished. This is common to much of the industry and stems from a continuing weak market for new caravans, the directors point out.

New products and activities in Cosalt Holiday Homes should begin to show results later in the year.

Trading in the refrigeration and air conditioning operation and the finance and aviation divisions was dull but Cosalt is hopeful that a number of contracts under negotiation will be secured and will produce a higher level of profitability in the current year.

As a sign of their long-term confidence, the directors have declared an interim dividend of 0.25p (nil) per 25p ordinary. Last year a single final payment of 0.25p was made on taxable profits of £58,538.

The lone share is shown as 1.89p (2.75p).

**Comment**  
After making such a strong start to the year, aided in all sorts of ways by a freakish 1983 summer which managed to combine sun and rain in proportions which might almost have suggested the idea of grouping a chain of betting shops with a retail shoe business, Sears was able to ride the consumer boom very comfortably through Christmas. A 40 per cent rise in pre-tax profits was about par for last year's course. With net cash in the year and balance sheet of £160m, there is bound to be some expectation of more than piecemeal acquisition plans: yesterday's £21m purchase of a U.S. shoe chain does not do much to determine where the group is headed. Financial super-marketing is probably a red-herring, but further expansion into U.S. retailing, probably including a further chain of cut-price shoe stores clearing stock surpluses through down-town locations, shows a degree of imagination. The decision to sponsor ADRs further emphasises Sears' westward inclinations, but it is hard to see the shares outperforming for a while even with an expanded audience. At 89p, up 2 1/2p, they yield 4 per cent.

**Yearlings**  
The interest rate for this week's issue of local authority bonds is 10 1/2 per cent, unchanged from last week and compares with 10 3/4 per cent a year ago. The bonds are issued at par and are redeemable on May 22 1985. A full list of issues will be published in tomorrow's edition.

## Minimum £708m value on Reuters

BY ALISON HOGAN

THE DIRECTORS of Reuters Holdings and their financial advisers S. G. Warburg and N. M. Rothschild have agreed to offer for sale 57m B shares at an underwritten minimum tender price of 180p per share for quotation in the London Stock Exchange.

This gives a prospective price of 17.5 on forecast pre-tax profits of £70m for 1984.

At the same time, arrangements are being made with a group of U.S. underwriters represented by Merrill Lynch Capital Markets and Morgan Stanley to sell the equivalent of a further 49.5m B shares in the U.S. in the form of American Depositary Shares, ADSs, which will be quoted on NASDAQ, the National Association of Securities Dealers Automated Quotations System.

The procedure of a U.S. offering involves the publication of a preliminary prospectus called a "red herring" which gives an indication of the anticipated initial fixed public offering price.

A range for Reuters is given between the U.S. dollar equivalent of 200p and 225p per B share. At these prices, the shares would sell on prospective price/earnings of 18.4 and 22.8.

The U.S. financial advisers then market the shares to potential investors. If at any time before 8pm London time on Thursday May 31, a change in the anticipated public offering price range is announced in the U.S., reflecting the level of investor interest, details will be announced in the Financial Times or another leading London daily newspaper. The announce-

### HIGHLIGHTS

Lex looks at the merger talks between Thorn EMI and British Aerospace and considers what sort of business would evolve from this hazy proposal. The column then moves on to comment on the Reuters' prospectus which details the issue of 27 per cent of the equity that is being sold by existing holders to value the company at £720m. Elsewhere the half-time figures from Grand Metropolitan proved to be in line with City estimates at £147m pre-tax, against £113.6m, and Sears has reported full-year profits of £159m pre-tax.

ment would include an indication of the expected maximum striking price.

Applications lists then open for UK investors at 5 pm on Friday June 1, 1984 and may be closed at any time thereafter. Postal applications received by 10 am on Saturday June 2 will be treated as valid. The striking price and basis of allocation will be announced and dealings begin on Monday June 4.

The final decision as to the number of B shares to be sold in the UK and the U.S. will be made at the same time as the U.S. offering price, based on demand. The U.S. offering price which is fixed, will be "as nearly as practicable the equivalent in U.S. dollars" of the UK striking price.

UK investors need not, therefore, make a decision as to what level to tender for shares, until there has been some feedback on the level of U.S. interest in the issue.

Investors applying for small amounts shares, between £200 and £1,000 in multiples of £100

between London and Paris via the new Dover-Calais cable.

Today Reuters says that it offers the "world's financial and business communities and news media the widest range of real time information available from any single commercial source."

It collects financial news and data and transmits its instantaneously through video terminals and teleprinters to financial institutions, industry, government and the media around the world.

Pre-tax profits rose from £38.73m to £55.25m in 1983 on turnover from £179.91m to £242.65m.

Reuters sees an increasing part of its business to be the provision of additional services and products for use in conjunction with the information that it supplies. In 1983 such products and services generated around 11m of revenue, 5 per cent of Reuters total revenue.

The issue will raise £68m for the company at the minimum tender price which will be used to expand operations with the balance for existing shareholders. Reuters is particularly keen to strengthen its presence in the U.S. either through the acquisition of assets or investments in other companies.

Reuters has four main strands to its strategy for future development: to expand its data bases, to maintain an efficient world wide communications network, to increase the communications and transaction facilities offered to subscribers and to expand products to assist with data manipulation.

Brokers to the issue are Cazenove and Hoare Goettl.

### COMPANY NEWS IN BRIEF

As part of the corporate and financial reorganisation which is being effected through the recently announced demerger of its main North American interests, Bowater Corporation says it is proposing to repay the outstanding 31 per cent first debenture stock and 7 per cent unsecured loan stock 1982-87 on the following basis:

For every £100 nominal of 31 per cent first debenture stock—£101.50 in cash; for every £100 nominal of 7 per cent unsecured loan stock 1982-87 on cash.

Net asset value per £1 Dual-vest capital share increased from 96p to £1.08 at the year ended March 31, 1984. Revenue for the period amounted to £1.14m, compared with £1.05m, subject to tax down slightly at £372,000 (£378,000). Earnings per 50p income share are given as 8.47p (7.881p) and the dividend is increased to 3.47p (7.881p) with a 2 for 1 split.

As at March 31 1984 net asset value per Murray Clydesdale Investment Trust 25p share was 104.4p, compared with 97.9p six months earlier and 138.2p a year previous.

Revenue for the first six months amounted to £783,256, compared with £831,454 after tax, £511,256 (£549,327). Earnings per share are estimated at 1.4p (1.39p) for the year to end September 1984. As known the interim dividend is 0.4p (0.4p).

Taxable profit at Woodchester Investments expanded from a revised £381,579 (£305,263) to £528,914 in the year to March 31 1984. This Dublin-based office equipment and leasing group came to the USM last November, only the second Irish company to do so.

The second interim dividend of 3p paid last January made a total of 5p.

Gross revenue rose by 1859,701 to £1188m. The result is stated before the finance cost of preference shares which fell sharply from £1109,000 to £223,105.

The earnings per share of 16.7p (15.6p) have been calculated after tax of £40,245 (nil) but before an extraordinary credit of £172,600. The company retained £387,242 (£206,615).

The result exceeded the profit forecast made in the prospectus, and the directors anticipate further growth in the current year.

Of the 66.43m ordinary shares offered by rights to shareholders of Norfolk Capital Group, over 96 per cent has been taken up. Shares not taken up have been sold and the net proceeds distributed to shareholders entitled thereto.

Investors welcomed the planned debut of PetroGen Petroleum on the Unlisted Securities Market by oversubscribing about four times for its offer for sale of 4m shares of common stock of no par value at 80p each.

The application lists have closed and the basis of acceptance will be announced in due course. The offer shares represent about 40 per cent of the equity of the U.S.-based oil and gas company.

Pre-tax revenue of London and Leamington Investment Trust for the year to March 31 1984 rose from £628,000 to £748,000 and the dividend total is being held at 2p with a final payment of 1.4p net.

Gross revenue was up from £833,000 to £961,000, while the net asset value per 10p share increased sharply from 86p to 122.6p.

After tax of £279,000 against £224,000, the net outcome for the year advanced by £55,000 to £470,000.

### DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre- of spending div.	Total year	Total last year
Angle American Coal...	95	July 6	95	145	145
Chesterfield Props .....	5.5	July 10	4.75	9.25	8.25
Cosalt .....	0.25	Sept 6	Nil	—	0.25
GrandMet .....	3.7	Oct 1	3.23*	—	8.03*
Ames Hinton .....	5.6	July 17	5.6	8	8
Jitra Rubber .....	0.62	June 14	0.5	0.62	0.5
Walter Runciman .....	2.5	—	2.5	5	5
Sears Holdings .....	1.8	—	1.4*	2.5	1.67*
Secombe Marshall .....	1.4	July 2	1.4	2.0	1.9
Lon & Lenzex .....	1.4	—	1.4	2	2

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ In South African cents.

# GRAND METROPOLITAN

## INTERIM REPORT 1984

The group's trading profit for the first half of the current year was £199.1 million compared with £174.4 million for the corresponding period of last year.

In the United Kingdom, the increased trading profit earned by Brewing reflected the continuing drive of recent years for greater efficiency, and the results of Consumer Services began to show the benefit of the reorganisation of the group's retailing activities a year ago. Foods, however, suffered a further setback, arising in the main from intense pressure on selling prices for cheese and other manufactured dairy products.

Almost every operating company in the United States increased its trading profit and the results of Consumer Products benefited on translation into sterling from the effect of the fall of some 8% in the average value of sterling against the US dollar compared with the first half of last year. In the International sector, the weakness of sterling against the US dollar also contributed to the significant advance in trading profit achieved by Wines and Spirits; and Hotels started to make headway after the organisational changes of the last two years.

The reduction in interest charges compared with the first half of the previous year was attributable to generally lower rates of interest.

Growth in the less seasonal overseas activities of the group continues to reduce the imbalance between the two halves of the year. Accordingly, the increase in profit before tax from £113.6 million to £147.0 million should be regarded as a reflection of satisfactory performance in the first half and not as an indication of a rate of growth to be expected for the remainder of the year.

GrandMet USA, Inc's negotiations with management and outside investors for the sale of the Liggett & Myers cigarette business are continuing.

The Board has decided to pay an interim dividend for the year ending 30th September, 1984 of 3.7p per share (1983—3.23p adjusted for the subsequent one for five capitalisation issue) on 1st October, 1984 to shareholders on the register on 24th August, 1984. The cost of the interim dividend will be £26.9 million (1983—£23.3 million).

SG Grinstead Chairman 15th May, 1984

	Half year to 31st March (unaudited)		Year to 30th September
	1984 £m	1983 £m	
<b>Turnover</b>			
United Kingdom			
Brewing	317.6	291.7	651.4
Consumer Services	590.8	496.9	1,054.5
Foods	352.8	330.0	737.4
United States			
Consumer Products	571.9	377.7	864.4
International			
Hotels	153.4	134.1	301.4
Wines and Spirits	492.4	462.0	899.7
	2,438.9	2,092.4	4,468.8
<b>Trading profit</b>			
United Kingdom			
Brewing	90.2	26.9	73.0
Consumer Services	32.0	28.4	73.6
Foods	8.7	15.5	31.5
Oil and Gas	—	(1.5)	(1.3)
United States			
Consumer Products	60.4	43.7	96.4
International			
Hotels	8.7	6.4	27.3
Wines and Spirits	59.1	52.0	104.5
Interest	199.1	171.4	407.0
Minority shareholders' interests	(52.1)	(57.8)	(111.8)
Profit on ordinary activities before taxation	147.0	113.6	295.2
Taxation	(48.5)	(34.1)	(89.6)
Profit on ordinary activities after taxation	98.5	79.5	205.6
Minority shareholders' interests	(2.6)	(2.2)	(4.5)
Preference dividends	(0.2)	(0.2)	(0.5)
Profit attributable to ordinary shareholders before extraordinary items	95.7	77.1	200.6
Earnings per share	13.0p	10.7p	27.9p

NOTES  
1 Profit and losses of overseas subsidiaries are translated into sterling at weighted average rates of exchange.  
2 The charge for taxation is estimated on the basis that the rate of UK corporation tax will be 47.5% (1983—52%) and includes overseas taxation of £27.2 million (1983—£21.2 million).  
3 The proposed revisions to the rates of UK corporation tax and taxation allowances on capital expenditure will not give rise to any change for deferred taxation in respect of the current year, nor should they call for a provision of a material amount to be made in respect of prior years.  
4 It is estimated that the net effect of extraordinary items for the half year to 31st March 1984 will be a credit of £0.7 million (1983—a credit of £1.5 million).  
5 Currency translation differences other than those arising on the settlement of trading transactions, previously treated as extraordinary items, are now to be taken direct to reserves in accordance with Statement of Standard Accounting Practice No. 20.  
6 Earnings per share have been adjusted to take account of the capitalisation issue of one ordinary share for every five shares held at the close of business on 27th January, 1984.  
7 The figures for the year to 30th September, 1983 have been extracted from accounts which have been filed with the Registrar of Companies and contain an unqualified audit report.

Grand Metropolitan PLC, 11/12 Hanover Square, London W1A 1DP



Our long-running performance of good results enters its 18th year.  
No mean achievement. But there's always room for improvement.  
We've thrived on the challenges of new markets, new technologies and new goals.  
The discipline of cost effectiveness balanced against idealism.  
And we'll continue to be our own severest critic.



For BTR's 1983 Report and Accounts write or phone BTR plc, Silverdown House, Vincent Square, London SW1P 2PL. 01-834 3848.

Reuter

This Offer for Sale includes particulars given to comply with the regulations of the Council of The Stock Exchange for the purpose of giving information with regard to Reuters Holdings PLC ("Reuters Holdings" or the "Company"). The Directors of the Company have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Directors accept responsibility accordingly.

Application has been made to the Council of The Stock Exchange for the B Ordinary (Limited Voting) Shares of the Company (the "B Shares"), issued and now being issued or offered, to be admitted to the Official List. Copies of this Offer for Sale, together with the documents specified herein, have been delivered to the Registrar of Companies for registration.

This Offer for Sale is made on the basis of English law, by which all contracts resulting from applications hereunder shall be governed. No person receiving in any territory outside the United Kingdom a copy of this Offer for Sale and/or an Application Form may treat the same as constituting an invitation to him nor should he in any event use such Application Form unless in the relevant territory such an invitation could lawfully be made to him without compliance with any unfulfilled registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to full observance of the laws of the relevant territory in connection therewith, including the obtaining of any governmental or other consents or the compliance with other necessary formalities, and to pay any transfer or other taxes requiring to be paid in such territory in respect of B Shares acquired by him under this Offer for Sale.

No applications under this Offer for Sale will be accepted from U.S. persons. "U.S. person" means any individual who is a national of or resident in the United States, its territories or possessions, or any corporation, pension, profit-sharing or other trust or other entity organised under or governed by the laws of the United States, its territories or possessions or any political subdivision thereof and shall include any United States branch of a non-U.S. person.

# Reuters Holdings PLC

(Incorporated in England under the Companies Acts 1948 to 1983 No. 1796065)

## Offer for Sale by Tender by S.G. Warburg & Co. Ltd. and N.M. Rothschild & Sons Limited

of 57,000,000 B Ordinary (Limited Voting) Shares of 10p each  
(or such other number as may be determined as mentioned herein)  
at a Minimum Tender Price of 180p per share.

S. G. Warburg & Co. Ltd. and N. M. Rothschild & Sons Limited have arranged the underwriting of this Offer for Sale in respect of 57,000,000 B Shares.  
The underwriters include:—

**Lazard Brothers & Co., Limited** **Robert Fleming & Co. Limited**  
**Nomura International Limited** **Potter Partners** **Swiss Bank Corporation International Limited**

Arrangements for a simultaneous offering in the United States are being made by:—

**Merrill Lynch Capital Markets** **Morgan Stanley & Co. Incorporated**

The B Shares now offered for sale will rank in full for all dividends declared or paid hereafter on the B Shares.

Applications must be received by 5 p.m. on Friday, 1st June, 1984 (being the time of the opening of the Application List) except that applications despatched by post and received not later than 10 a.m. on Saturday, 2nd June, 1984 will be treated as valid. The procedure for application, together with an Application Form, is set out at the end of this Offer for Sale. Persons tendering not more than £1,000 may apply at the Striking Price.

### Directors, Reuter Trustees and advisers

**Directors**  
Sir (Charles) Denis Hamilton OBE (Chairman)  
Clem MacCarrie Hambro (Managing Director and Chief Executive) (Australia)  
Michael Edward Nelson (Deputy Managing Director)  
Nigel Leopold Judah FCA (Finance Director)  
Donald Blythe Anderson  
James Evans  
Peter Waller Gibbins  
Pehr Gustaf Oysterhammer (Sweden)  
Christopher Anthony Hogg  
Ian Alexander Noble Irvine FCA  
Keith Rupert Murdoch (Australia)  
Maxwell Victor Sulch (Australia)  
Ernest James Lyle Turnbull (Australia)  
Richard John Winfrey  
Walter Bigelow Winston (U.S.A.)  
all of 85 Fleet Street, London EC4P 4AJ

**Secretary and Registered Office**  
Nigel Leopold Judah FCA,  
85 Fleet Street,  
London EC4P 4AJ

**Reuter Trustees**  
Kingman Brewster (U.S.A.)  
Stanley George Gurney Clarke OBE  
Claude Neville David Cole CBE  
The Right Hon. John Freeman PC OBE  
The Right Hon. Lord Hartwell OBE  
John Gordon Seymour Lawrence CBE  
Sir (Duncan) Keith Macpherson (Australia)  
The Right Hon. Lord McGregor of Durris  
The Right Hon. the Lord Malherbe  
Kenneth Morgan CBE  
The Right Hon. the Viscount Rotherham  
Raymond Francis Smith (New Zealand)  
Clive Edward Ingham CBE  
John Sackleton Thorburn CBE

**Issuing Houses**  
S. G. Warburg & Co. Ltd.,  
30 Gresham Street,  
London EC2P 2EH  
N. M. Rothschild & Sons Limited,  
New Court,  
25 Abchurch Lane,  
London EC4A 3DF

**Stockbrokers**  
Cazenove & Co.,  
12 Tokenhouse Yard,  
London EC3R 7AN  
Hoare Govett Limited,  
Heron House,  
319/325 High Holborn,  
London WC1V 7PB

**Solicitors to the Company**  
Linklaters & Paines,  
Barrington House,  
59-67 Gresham Street,  
London EC2V 7JA  
Walker Martineau,  
10 and 11 Gray's Inn Square,  
London WC1R 5JL

**Solicitors to the Offer for Sale**  
Slaughter and May,  
35 Basinghall Street,  
London EC2V 5DB

**Auditors and Reporting Accountants**  
Baker Hamlyn,  
Chartered Accountants,  
8 St. Bride Street,  
London EC4A 4DA

**Bankers**  
Bank of Scotland,  
38 Threadneedle Street,  
London EC2P 2EH

**Receiving Bankers**  
Bank of Scotland,  
New Issues Department,  
38 Threadneedle Street,  
London EC2P 2EH  
Barclays Bank PLC,  
New Issues Department,  
P.O. Box 123,  
Fleetway House,  
25 Farnborough Street,  
London ECA4 4HD

**Registrars and Transfer Office**  
Bank of Scotland,  
Registrar Department,  
25a York Place,  
Edinburgh EH1 3EY

### Summary

The information set out in this summary should be read in conjunction with the full text of this Offer for Sale.

#### Business

Reuters believes that it offers the world's financial and business communities and news media the widest range of real time information available from any single commercial source. Over 600 Reuter staff journalists gather general news and financial and business news throughout the world. Reuters receives and processes current trading information from the world's major securities and commodities exchanges. It also receives the latest quotations contributed by dealers in markets without trading exchanges, such as those for foreign exchange and money market instruments. Financial information and news are instantaneously made available through Reuter video terminals and via teletypers to banks, securities and commodities firms, other financial institutions, industry, government and the media. A dealing service provides dealers in foreign exchange and bullion with an electronic network for fast direct trading. Reuters offers its subscribers interface devices and data manipulation systems so that they can retrieve data from various sources and in various formats and further manipulate the data to enhance its usefulness. Reuters has over 15,000 subscribers using approximately 32,500 Reuter video terminals and approximately 6,500 teletypers. It distributes financial and business information services in 112 countries and media news services in 158 countries.

#### Trading record

Year ended 31st December	Turnover	Profit before tax
1979	£'000	£'000
1980	76,309	3,515
1981	90,095	3,687
1982	138,804	16,681
1983	179,913	36,730
	242,630	55,253

#### Forecast for the year ending 31st December, 1984

Profit before tax (in the region of) <sup>(1)</sup>	£70 million
Earnings <sup>(2)</sup>	£40 million
Earnings per share <sup>(3)</sup>	10.29p

#### Offer for Sale statistics at the Minimum Tender Price of 180p per share

Price/earnings multiple based on forecast earnings per share <sup>(2)</sup>	17.5 times
Gross dividend yield based on forecast net dividends per share of 2.5p <sup>(3)</sup>	1.98 per cent.

- (1) Profit before tax for the year ending 31st December, 1984 is forecast, and earnings are calculated, on the bases and assumptions referred to under "Profit forecast for 1984".  
(2) Earnings per share have been calculated on the basis of a pro forma weighted average number of shares outstanding during 1984 of 388,509,982 referred to under "Profit forecast for 1984".  
(3) The gross dividend includes the related tax credit equivalent to 2/3 of the net dividend. See "Taxation".

### Share capital

Authorised		Issued and fully paid (see note)
£		£
10,500,000	in A Ordinary Shares of 10p each	10,005,168
42,000,000	in B Ordinary (Limited Voting) Shares of 10p each	29,340,419
1	in one Founders Share of £1	1
52,500,001		39,345,588

Note: The issued share capital set out in the above table includes the 29,000,000 B Shares to be subscribed by the Issuing Houses and/or U.S. Underwriters and 3,000,000 B Shares being offered under the Special Employee Offer.

The A Ordinary Shares ("A Shares") and the B Shares rank pari passu for dividends and capital. The Founders Share confers the right to repayment of £1 on a winding-up, but confers no right to dividends. The Founders Share in certain circumstances confers a majority vote at general meetings of the Company. In normal circumstances the A Shares confer the right to four votes per share and the B Shares the right to one vote per share. There are restricted circumstances in which A Shares may be converted into B Shares.

Further details of the rights and restrictions attached to the three classes of shares are set out under "Statutory and general information—Articles of Association of the Company".

### Indebtedness

At the close of business on 30th March, 1984, the Company, Reuters Limited and its subsidiaries (together "Reuters" or "the Group") had outstanding unsecured bank borrowings of £5,108,000 and finance lease commitments of £2,800,000 and had given guarantees to third parties amounting to £584,000. On that date the Group had cash balances of £11,753,000.

Except as aforesaid and apart from intra-group liabilities and contingent liabilities of the nature described in Note 18 to the Consolidated Financial Statements forming part of the Accountants' report herein, at the close of business on 30th March, 1984 no company in the Group had any loan capital (including term loans) outstanding, or created but unused, or any outstanding mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowing, including bank overdrafts, finance lease commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire-purchase commitments, guarantees or other material contingent liabilities.

For the purpose of the foregoing, foreign currency indebtedness has been translated into sterling at the appropriate exchange rate ruling at the close of business on 30th March, 1984.

### Arrangements for this Offer for Sale and for a simultaneous Offering in the United States

S. G. Warburg & Co. Ltd. and N. M. Rothschild & Sons Limited (the "Issuing Houses") have conditionally agreed to purchase or subscribe B Shares to be sold pursuant to this Offer for Sale. Arrangements are also being made with a group of underwriters in the United States of America (the "U.S. Underwriters") represented by Merrill Lynch Capital Markets and Morgan Stanley & Co. Incorporated for an offering in the United States (the "U.S. Offering") of B Shares, in the form of American Depositary Shares ("ADSs") evidenced by American Depositary Receipts ("ADRs"). Each ADS is to represent six B Shares.

In addition to the application which has been made to list the B Shares on The Stock Exchange, it is expected that the ADSs will be approved for quotation in the United States of America through NASDAQ (the National Association of Securities Dealers Automated Quotations System) under the symbol RTRSY.

Initial expectations are that 57,000,000 B Shares will be sold under this Offer for Sale and the equivalent of 49,800,000 B Shares will be sold pursuant to the U.S. Offering. The U.S. Offering will be at a fixed price which will be as nearly as practicable the equivalent in U.S. dollars of the Striking Price under this Offer for Sale. A maximum of 108,800,000 and a minimum of 57,000,000 B Shares will be sold pursuant to this Offer for Sale and/or the U.S. Offering (together with up to 7,200,000 additional B Shares which may be added to the U.S. Offering as mentioned herein).

The Preliminary Prospectus being issued in connection with the U.S. Offering indicates that it is anticipated that the initial public offering price under the U.S. Offering will be between the U.S. dollar equivalent of 200p and 235p per B Share. If at any time before 8 p.m. (London time) on Thursday, 31st May, 1984, a change to the anticipated public offering price range is announced in the United States, a press announcement will be issued and details of the change will be advertised as soon as practicable thereafter in the Financial Times or another leading London daily newspaper. It is intended that the then current indicated public offering price range be announced at 8 p.m. on 31st May, 1984 and be so advertised and may contain an indication of the expected maximum Striking Price.

The final decision as to the number of B Shares to be sold pursuant to this Offer for Sale and the number to be sold pursuant to the U.S. Offering will be made at the same time as the decisions on the Striking Price and the U.S. Offering price and will reflect demand under this Offer for Sale and under the U.S. Offering.

The U.S. Underwriters will be given the right, solely for the purpose of meeting over-allotments under the U.S. Offering, to take up not more than 7,200,000 B Shares, in addition to the B Shares referred to above. This right is exercisable during a seven day period from the date of announcement of the Striking Price.

The minimum number of 57,000,000 B Shares to be included in this Offer for Sale and/or the U.S. Offering will include 29,000,000 new B Shares to be subscribed for cash by the Issuing Houses and/or by the U.S. Underwriters and 1,000,000 B Shares being effectively sold for the benefit of the Company by an affiliate of S. G. Warburg & Co. Ltd. The balance of the B Shares included in this Offer for Sale and the U.S. Offering, including the additional shares referred to in the last foregoing paragraph, will be provided by sales to the Issuing Houses and/or the U.S. Underwriters by existing shareholders in the Company. Further details are set out under "Statutory and general information—Offer for Sale Agreement".

Up to one third of the B Shares sold under this Offer for Sale may be allocated on a preferential basis to selected applicants for large numbers of shares at the Striking Price, at the discretion of the Issuing Houses.

Preferential rights will be given to qualifying employees and pensioners of Reuters Limited and its subsidiaries in respect of applications under this Offer for Sale and/or under the U.S. Offering up to a maximum of 3,000,000 B Shares or their equivalent in ADSs.

In addition to the B Shares comprised in this Offer for Sale and/or the U.S. Offering, up to 3,000,000 new B Shares (in the form of ADSs in the case of employees and pensioners in the United States and Canada) are being offered by the Company to

qualifying employees and pensioners of Reuters Limited and its subsidiaries at a price of 75p per share or its equivalent in other currencies (the "Special Employee Offer"). Such offer has not been underwritten.

The U.S. Underwriters and the Issuing Houses have agreed that the U.S. Underwriters will not offer or sell ADSs in or into the United Kingdom or with a view to the re-sale thereof in or into the United Kingdom and the Issuing Houses will not accept applications for B Shares from U.S. persons as defined herein.

The Prospectus to be issued in connection with the U.S. Offering will include a statement that, in connection with that Offering, the U.S. Underwriters may over-allot or effect transactions which stabilise or maintain the market price of the ADSs or of the B Shares on the Stock Exchange at a level above that which might otherwise prevail in the open market and that such stabilisation, if commenced, may be discontinued at any time. United States regulations provide for strict control of the process of stabilisation. Any stabilisation transaction must be identified as such and may not take place at a price above the offer price under the U.S. Offering. Stabilisation may, therefore, directly or indirectly, affect the price of B Shares on The Stock Exchange.

The Issuing Houses will pay to recognised stockbrokers and banks in the United Kingdom and to other financial institutions outside the United Kingdom accepted for this purpose by the Issuing Houses a commission of 3% per cent. of the Striking Price on acceptances in respect of applications (other than applications on special forms provided for use by employees and pensioners) bearing their stamp. However, no payment will be made to anyone who would receive a total commission of less than £10.

The Issuing Houses and the U.S. Underwriters have entered into an agreement with certain of the shareholders of Reuters Holdings with a view to ensuring that an orderly market in the B Shares is preserved for a period following this Offer for Sale and the U.S. Offering. See "Statutory and general information—Restrictions on sales of B Shares—Orderly Marketing Agreement".

## Historical background

### Corporate history and ownership

Paul Julius Reuter founded the Reuter organisation in London in 1851 and incorporated Reuter's Telegram Company Limited in 1865. He retired as Managing Director in 1878 and was succeeded by his son, Herbert. Following Herbert's death in 1915, a small group headed by Mark Napier, the chairman, and Roderick Jones, formerly the company's manager in South Africa, bought the entire Reuter shareholding and in 1916 created a private limited company, Reuters Limited. On Napier's death in 1919, Roderick Jones, by then Sir Roderick, became principal proprietor as well as executive head of the company.

Reuters has been controlled by the press for nearly 60 years. In 1925, The Press Association Limited ("PA"), a company owned by provincial newspaper publishers in the United Kingdom and newspaper publishers in the Republic of Ireland, acquired 53 per cent. of the shares of Reuters Limited. PA increased its share ownership in 1929 and acquired all of the remaining shares in 1941. Later that year, The Newspaper Proprietors Association Limited, now The Newspaper Publishers Association Limited, ("NPA") acquired a 50 per cent. interest in Reuters Limited from PA on behalf of certain national newspaper companies in the United Kingdom. Australian Associated Press Proprietary Limited ("AAP"), a company owned by newspaper publishers in Australia, and New Zealand Press Association Limited ("NZPA"), a company owned by major newspaper publishers in New Zealand, became shareholders of Reuters Limited in 1947. Immediately before the corporate reorganisation described herein, the voting capital of Reuters Limited was owned as follows: 41.67 per cent. by PA, 13.89 per cent. by AAP and 2.77 per cent. by NZPA, in each case beneficially, and 41.67 per cent. by NPA Nominees Limited ("NPA Nominees") on behalf of its members.

In 1941, following Parliamentary debates and extensive public discussion, PA and NPA entered into an Agreement of Trust which was supplemented when AAP and NZPA became shareholders and further supplemented in 1953 ("Reuter Trust Agreement"). The Reuter Trust Agreement obliged each shareholder to use its best endeavours to ensure that certain principles were upheld. These principles (the "Reuter Trust Principles"), as modified at the time of the corporate reorganisation to reflect the current scope of Reuters operations, are as follows:—

- that Reuters shall at no time pass into the hands of any one interest, group or faction; that the integrity, independence and freedom from bias of Reuters shall at all times be fully preserved;
- that Reuters shall supply unbiased and reliable news services to newspapers, news agencies, broadcasters and other media subscribers and to businesses, governments, institutions, individuals, and others with whom Reuters has or may have contracts;
- that Reuters shall pay due regard to the many interests which it serves in addition to those of the media; and
- that no effort shall be spared to expand, develop and adapt the news and other services and products of Reuters so as to maintain its leading position in the international news and information business.

For the purposes of the Reuter Trust Principles, the term "Reuters" means Reuters Holdings and every subsidiary of Reuters Holdings from time to time supplying news services.

The Reuter Trust Agreement sought to ensure compliance with the Reuter Trust Principles through the appointment by the shareholders of 10 trustees who were empowered to appoint and remove directors nominated by shareholders and to resolve certain disputes. In addition, various restrictions intended to ensure compliance were included in the Memorandum and Articles of Association of Reuters Limited. However, these restrictions also had the practical effect of limiting access by Reuters Limited to the public capital markets and precluding it from

acquiring the shares or assets of other companies through the issue of shares.

The guarantee of independence and integrity provided by the Reuter Trust Agreement has been a key factor in Reuters business. In 1983 the Directors of Reuters Limited decided that, by means of a corporate reorganisation, Reuters could obtain access to the public capital markets and thereby more readily achieve its business objectives and enable existing shareholders to realise part of their investment, while preserving the Reuter Trust Principles. The trustees who served under the Reuter Trust Agreement announced on 22nd February, 1984 their unanimous approval of the corporate reorganisation proposal. Accordingly, Reuters Holdings was established to acquire, and through a series of transactions completed on 7th May, 1984 has acquired, all of the issued voting share capital of Reuters Limited.

In contemplation of the corporate reorganisation, NPA Nominees was established to hold A Shares for members of NPA ("NPA members"). In addition, PA was reorganised so that it now owns only A Shares and AAP and NZPA sold certain shares in Reuters Limited to an affiliate of S. G. Warburg & Co. Ltd. ("Warburgs").

Accordingly, the A Shares are held by PA, NPA Nominees, AAP and NZPA (the "A Shareholders"), while the B Shares are held by members of PA, the NPA members, AAP, NZPA, the Executive Director of Reuters Holdings, and, pending the proposed sale of their B Shares under this Offer for Sale and/or the U.S. Offering, two affiliates of Warburgs.

Additionally, Reuters Founders Share Company Limited (the "Founders Share Company"), a company owned by its directors (the "Reuter Trustees"), was established to hold the Founders Share.

In connection with the corporate reorganisation, the Articles of Association of Reuters Limited were amended and the A Shareholders, the NPA members, Reuters Holdings, the Founders Share Company, AAP Information Services Proprietary Limited ("AAP Services") and NZPA Services Limited ("NZPA Services"), affiliates of AAP and NZPA respectively, entered into a Deed of Mutual Covenant dated 9th May, 1984 (the "Deed of Mutual Covenant") which replaced the Reuter Trust Agreement. The respective Memoranda and Articles of Association of Reuters Holdings and the Founders Share Company and the Deed of Mutual Covenant contain various provisions relating to the ownership and voting rights of each of the classes of shares in Reuters Holdings. These provisions, which are described under "Present structure of ownership and control" and "Statutory and general information" fall into two categories. The first category seeks to ensure that the A Shareholders retain control of Reuters and that for so long as they do so its business will be conducted in accordance with the Reuter Trust Principles. The second category seeks to ensure that no one interest, group or faction (other than the A Shareholders in respect of their A Shares) exercises any material influence or control over Reuters. Together, the provisions are intended to ensure continued compliance with the Reuter Trust Principles in a manner appropriate for a listed company.

Reuters believes that observance of the Reuter Trust Principles is not incompatible with its ability to achieve its financial objectives and to operate its business in the interests of its shareholders generally. Indeed, Reuters considers that adherence to the Reuter Trust Principles is a business strength.

### Development of the business

In 1851 Paul Julius Reuter began telegraphic transmission of stock market quotations between London and Paris via the new Dover-Calais cable. He had previously used carrier pigeons to deliver stock prices from Brussels to Aachen. Reuter soon extended his service between London and Paris to other European countries and expanded its content to include general and economic news. Although initially serving only financial institutions, by 1858 Reuter was supplying almost all leading European newspapers with general news.

## Business

### Introduction

Reuters primary business is the collection and distribution of news and other information. This information is obtained from the world's major securities and commodities exchanges, from subscribers to Reuters who contribute information about the markets in which they deal, and from Reuter journalists. This information is then distributed to Reuters subscribers. Reuters two main markets are the financial and business communities (for which there are separate services covering foreign exchange and money market rates, commodities, equity securities, bonds, shipping, energy and coins and precious metals) and the news media around the world.

An increasing part of Reuters business is the provision of additional services and products for use in conjunction with the information Reuters supplies. These comprise a dealing service, interface devices, data manipulation systems and proposed historical data services.

In gathering information and delivering its services, Reuters employs a world wide communications network which includes 11 computer centres in Europe, North America, Asia, Africa and Australia. Subscribers primarily receive the services on Reuter video terminals and, to a lesser extent, via teletypewriters.

### Information sources

The information gathered by Reuters has three principal components:—

#### Exchange and over-the-counter trading data

At present Reuters obtains current trading information for commodities, equity securities, options and bonds from 77 organised exchanges and over-the-counter markets in 21 countries. The information is transmitted electronically to Reuters data banks, either by a direct feed from the computerised reporting system maintained by an exchange or, in the case of exchanges without such systems, through a Reuter keyboard operated by a reporter. The information is then automatically processed and stored so that subscribers can retrieve it selectively on a continually updated basis.

Quotations for commodities and securities from North American markets are supplied for distribution outside North America by Automatic Data Processing, Inc. ("ADP") which recently acquired from GTE Corporation the business first provided by Ultronic. The agreement between ADP and Reuters is terminable by either party on six months' prior notice which may not be given before 30th June, 1988.

#### Contributed data

For financial markets with no physical trading exchange, Reuters has established the Reuter Monitor contributed data system. Using Reuter video terminals, dealers contribute their latest quotations, recommendations and other market data direct to Reuters data banks. Data contributed by one subscriber to a Reuter Monitor service is available to all other subscribers to the service except those which the contributor directs should be precluded from access to its data.

The Reuter Monitor system was originally introduced to provide dealers in the international foreign exchange market with a high-speed and convenient alternative to conventional telephone and telex communications for obtaining current quotations. Today quotations, recommendations and other market data also are contributed for money market instruments, commodities, equity securities, bonds, shipping, energy and coins and precious metals.

As new data is contributed to Reuters data banks, the corresponding data previously stored in these data banks and displayed on Reuter video terminals is updated automatically. Subscribers can receive data within seconds after it has been contributed. During the average trading day approximately 250,000 contributions of information are distributed through the Reuter Monitor network.

Subscribers receive no payment for contributing data. However, they receive broad exposure to dealers in what, but for the centralised information source created by the Reuter Monitor system, might otherwise have remained fragmented markets. At 31st December, 1983, real time information was being contributed by approximately 1,500 subscribers in 51 countries, representing approximately 16 per cent. of the total number of subscribers to the Reuter Monitor system.

#### General news and financial and business news

General news and financial and business news is compiled by Reuters staff of journalists. At 31st December, 1983, Reuters had approximately 600 full-time journalists in 64 countries and approximately 1,000 part-time journalists in these and 46 additional countries. Many Reuter journalists are specialists in particular financial subjects or commodities. Reporting bureaux are based in Beirut, Bonn, Brussels, Buenos Aires, Cairo, Chicago, Frankfurt, Johannesburg, London, Mexico City, Moscow, New Delhi, New York, Paris, Peking, Rome, Tokyo, Toronto, Washington, Zurich and 73 other cities, including 10 in the United States. Many of Reuters field reporters are equipped with portable terminals on which they can prepare reports for electronic transmission to Reuters by public telephone lines.

News reports are prepared in most bureaux using video display units. The reports are then transmitted electronically to editorial desks in Bahrain, Beirut, Bonn, Buenos Aires, Cairo, Chicago, Hong Kong, London, Nairobi, New York and Paris. During the European business day, the London editorial centre serves as the main clearing house for general news; during the European night this function is assumed by the Hong Kong editorial centre. International financial and business news is added in Chicago, Hong Kong, London and New York and in Bahrain on Saturdays and Sundays. Regional and, in some cases, national financial and business news is added by regional editing centres. News about particular financial markets is edited in the centres closest to those markets. For example, news about the commodities market is edited mainly in Chicago and London.

### Information services

The information services provided by Reuters have two principal components:—

#### Media news services

Reuters supplies news of politics, economics, the arts, sports, science, human interest, finance, commodities, securities, corporations and the business world to newspapers, radio and television networks and stations, governments and international governmental institutions such as the United Nations. It distributes these services in 158 countries. During 1983, these services generated revenue of approximately £15.6 million, representing approximately six per cent. of Reuters total revenue for the year.

News reports received from Reuter journalists, together with reports from other press agencies (including those associated with Reuters), are edited on video terminals into a range of international, regional and national news services. In many cases, these services are produced and distributed 24 hours a day and seven days a week to serve media subscribers in many different time zones. In addition to English language services, Reuters produces services in Arabic, French, German and Spanish.

Media news services are supplied to subscribers either directly by Reuters or through various national news organisations to which Reuters has granted distribution rights. Subscribers generally receive the services via teletypewriter or directly into their computers.

Reuters plans to start a news picture service in 1985.

### Financial and business information services

Reuters packages financial and business information into a variety of services designed to suit the requirements of subscribers in particular sectors of the financial and business communities. It distributes these services through video terminals in 81 countries and via teletypewriters in 112 countries. During 1983 these services generated revenue of approximately £215.1 million, representing approximately 89 per cent. of Reuters total revenue for the year.

Information services are derived from approximately 8,000 video pages of contributed data and quotations, and from price and other data not held in page format relating to approximately 25,000 equity securities, approximately 12,500 exchange quoted equity options and approximately 135 commodities futures contracts. In addition, the services taken by many subscribers contain news, particularly financial and business news. The services are primarily delivered to subscribers on Reuter video terminals. To a considerably lesser extent, teletypewriters and news letters are also used. Reuters video retrieval services have an automatic alert facility to attract a subscriber's attention to important news items even if the subscriber's terminal is then displaying other information.

The main categories of financial and business information services are described herein. A majority of subscribers to the Reuter Monitor video retrieval system subscribe for services in two or more of these categories.

#### 1. Foreign exchange and money market services

Reuters introduced video retrieval services for foreign exchange and money market instruments in 1973. These services, the first provided through the Reuter Monitor video retrieval system, generated the greatest proportion of revenue derived by Reuters from its financial and business information services in each of the last five years.

The services collectively provide foreign exchange quotations for 106 currencies, Eurodeposit rates for 35 currencies, quotations on money market instruments (such as government securities, bankers acceptances and certificates of deposit) and gold and silver bullion prices. At 31st December, 1983, approximately 2,500 video pages of data were being contributed to these services by approximately 870 dealers in approximately 50 countries. In addition to an international service, three regional and 19 national services are provided.

Foreign exchange and money market information may be retrieved either on single video pages, each containing information provided by a single contributor, or on composite video pages, which contain information on a particular currency or money market instrument or on a range of currencies or instruments. Contributors' names or symbols appear with their contributed information.

Subscribers may supplement quotations with Reuters Money News retrieval services and with background economic data. The Money News retrieval services, produced by Reuter journalists, provide a continuous flow of news stories of particular significance to various international, regional and national money markets. Video pages of background economic data include international trade and payments balances, money supply data, official monetary reserves, discount and other key interest rates and consumer prices.

At 31st December, 1983, Reuters foreign exchange and money market video retrieval services were delivered to approximately 8,300 subscriber locations.

The principal foreign exchange and money market service delivered via teletypewriters is the Reuter Money Report. Edited in London, New York and Hong Kong, it is similar in content to the Money News retrieval services.

#### 2. Commodities services

Reuters began to operate commodities retrieval services in 1964; these were expanded to include contributed data in 1977. Quotations and news are offered to subscribers in a range of services tailored to interests in particular commodities. The services collectively provide subscribers with quotations on approximately 135 futures contracts and in 36 options series, including those for grains, oilseeds, coffee, cocoa, sugar, rubber, other agricultural products, oil and its derivatives, non-ferrous and precious metals, currencies, financial instruments and stock indices. (The latter four categories are also very widely distributed in Reuters money and securities services.) In addition, at 31st December, 1983, approximately 650 video pages of quotations and recommendations on cash and futures prices were being contributed by 125 subscribers in 10 countries.

Subscribers may also receive Reuters Commodities News retrieval services, background data on commodities and pertinent foreign exchange and money market data.

At 31st December, 1983, commodities video retrieval services were delivered to approximately 2,000 subscriber locations.

In addition to retrieval services, Reuters provides a range of commodities services delivered via teletypewriters. In some countries, including the United Kingdom and Hong Kong, Reuters also delivers newsletters relating to commodities.

Reuters obtains data from North American commodities exchanges from ADP for use outside North America. Reuters obtains data directly from North American commodities exchanges for its services in North America.

#### 3. Equity securities services

Reuters began to operate retrieval services for equity securities in 1964; these were expanded to include contributed data in 1978. The equity securities services collectively provide subscribers with prices and related data on approximately 25,000 equity securities and approximately 12,500 exchange quoted equity options from 56 securities exchanges and over-the-counter markets throughout the world. In addition, prices for approximately 1,800 equity securities (primarily securities traded after the normal trading hours of an exchange and securities not admitted to trading on an exchange) are contributed by market makers and other subscribers. At 31st December, 1983, approximately 650 video pages of quotations and recommendations were being contributed to the services by 123 subscribers.

Subscribers can retrieve the latest information on price movements of selected securities in specific markets. In addition, they can set their video displays to update and display on a single page a selected portfolio of securities. The subscriber is alerted when predetermined buy or sell limits are reached in the portfolio, even if a different page of data is being displayed at the time.

Subscribers may also receive Reuters Securities News retrieval services, which contain the latest information likely to affect securities markets, background economic data and company reports and announcements.

Regional and national equity security services are provided in many areas for those not needing a comprehensive service. Subscribers can also elect to receive exchange trading data without contributed data or news. At 31st December, 1983, video retrieval services for equity securities were delivered to approximately 1,600 subscriber locations.

Reuters also provides a range of services delivered via teletypewriters, tailored to meet particular interests of subscribers. Another service provides closing prices of approximately 40,000 equity securities in computer readable form.

Reuters obtains data from North American securities exchanges from ADP for use outside North America. Reuters does not market a separate North American securities information video retrieval service in North America, where it carries some securities information on video retrieval services and markets a securities service delivered via teletypewriters.

The reputation of Reuter's service was enhanced by a number of scoops. The first of these came in 1859 when Reuter transmitted Napoleon III's Paris speech foreshadowing France's war against Austria later that year. In 1865 Reuter was two days ahead of any other agency in Europe with news of President Lincoln's assassination.

The influence of Reuter's business quickly spread beyond Europe as telecommunications facilities developed. By 1861 Reuter agents were located in the Far East, South Africa and Australia and a special correspondent had been despatched to cover the American Civil War. By 1872 operations were established in the Far East, with Shanghai the centre of a network of offices from Bombay to Yokohama. In 1874 Reuters opened a joint office in Brazil with the French agency, Havas.

All first information was conveyed from Reuter offices to subscribers by messenger. In 1883 Reuters began using a "column printer" to transmit messages electrically to London newspapers. Reuter offices were linked to this machine by wire. The column printer was an ancestor of the modern teletypewriter, which Reuters first employed in 1927 to distribute news to London newspapers. In 1923 Reuters pioneered the use of radio to transmit news internationally, starting with market quotations.

In 1964, under licence from Ultronic Systems Corporation ("Ultronic"), a United States supplier of market data, Reuters started to operate in Europe an automated market quotation system enabling subscribers to retrieve from Reuters data banks and to display selectively current trading information from North American securities and commodities exchanges. Shortly thereafter Reuters extended this service to all areas in which it operated, other than North America, and expanded the scope of the service to include data from principal securities and commodities exchanges throughout the world.

In the 1960s Reuters also started to expand in North America. It first launched commodities news wires. In 1967 news exchange agreements with Associated Press for general news, and with Dow Jones & Co., Inc. ("Dow Jones") for financial news, were entered and Reuters greatly strengthened its news reporting and editing operations. In 1968 it launched, in association with Ultronic (which had become a subsidiary of GTE Corporation), a United States financial wire service in competition with Dow Jones.

In 1971 following the abandonment of the Bretton Woods fixed exchange rate system, Reuters embarked upon an intensive development effort to devise a computerised information gathering and distribution network to serve the needs of the decentralised international money markets. In 1973 Reuters introduced the Reuter Monitor system, which gave subscribers rapid access on software controlled video terminals to current foreign exchange quotations contributed directly by dealers in those markets. The range of information available through the Reuter Monitor system has since been expanded to include data concerning money market instruments, commodities, equity securities, bonds, shipping services, energy products and coins and precious metals.

In 1981 Reuters introduced the Reuter Monitor Dealing Service, which enables dealers in foreign exchange and bullion to contact one another directly within seconds, using special Reuter video terminals linked to its central computers and to negotiate and conclude trades on a confidential basis. The Reuter Monitor Dealing Service currently provides a high-speed alternative to dial-up telephone and telex communications for trading in these decentralised international markets.

Reuters has recently expended considerable effort on the expansion of its own data bases and the development and marketing of a variety of interface devices and data processing systems so that subscribers can retrieve an expanded range of information services, as well as information in their own data banks and third-party data banks, and manipulate the information retrieved to enhance its usefulness.

#### 4. Bonds services

Reuters introduced video retrieval services for bonds in 1975. The services collectively contain subscriber quotations for approximately 3,000 bonds (primarily Eurobonds, for which the main trading takes place directly between dealers outside securities exchanges). At 31st December, 1983, approximately 1,100 video pages of data were being contributed by approximately 190 banks and securities firms in 21 countries. Subscribers can also retrieve data on bonds traded on various securities exchanges and pertinent foreign exchange and money market data.

Subscribers may also receive Reuters Securities News retrieval services. At 31st December, 1983, video retrieval bonds services were delivered to approximately 2,200 subscriber locations.

#### 5. Shipping services

Reuters introduced a video retrieval service in 1981 for oil tanker information and a similar service in 1982 for dry bulk cargo vessel information. These services provide shipping brokers, charterers and shipowners with information concerning the availability of, and requirements for, oil tankers and dry bulk cargo vessels at various ports for specific routes. At 31st December, 1983, approximately 2,700 video pages of data were being contributed to the two services by an aggregate of approximately 250 brokers. The services also provide Reuters Shipping News.

At 31st December, 1983, the two shipping services were delivered to an aggregate of approximately 400 subscriber locations.

#### 6. Energy service

Reuters introduced an energy video retrieval service in 1982. It provides brokers, dealers, producers, refiners, transporters and chemical companies with quotations of spot and futures prices for crude oil and petroleum products and related recommendations. At 31st December, 1983, 57 video pages of data were being contributed to the service by 10 traders in six countries. The service generally includes Reuters Energy News. In addition Reuters provides access to specialised energy information furnished by third parties.

At 31st December, 1983, the energy service was delivered to approximately 400 subscriber locations.

#### 7. Coins and precious metals service

Reuters introduced a video retrieval service for coins and precious metals in 1981. The service, which is generally sold in conjunction with other Reuter video retrieval services, provides quotations for a variety of gold and silver coins and precious metals (including gold, silver, platinum and palladium). At 31st December, 1983, 110 video pages of data were being contributed to the service by 80 subscribers and the service was being delivered to approximately 400 subscriber locations.

### Additional products and services

Reuters has developed additional products and services for use by the financial and business communities in conjunction with the information Reuters supplies. These products and services generated revenue of approximately £11.0 million in 1983, representing approximately five per cent. of Reuters total revenue.

#### Dealing service

The Reuter Monitor Dealing Service, which was introduced in February 1981, enables dealers in various countries to contact one another directly within seconds to negotiate and conclude trades using a special Reuter video terminal. Transactions are confirmed at the subscribers' premises through simultaneous "hard copy" print-outs. Because Reuters central computers record only the volume (not the content) of data transmitted, communications between dealers are confidential.

The Reuter Monitor Dealing Service is a fast and reliable alternative to dial-up telephone and telex communications. It is currently available to dealers in foreign exchange and bullion. Reuters expects to extend the service to dealers in bonds. In the three years since its introduction the service has increased as follows:—

	1981	1982	1983
Subscribers at 31st December	190	380	490
Countries served at 31st December	14	22	32
Average daily contacts for the month ended 31st December	3,000	9,200	20,000

#### Interface devices

Interface devices, designed and developed by Reuters, or licensed from third parties for distribution by Reuters, permit a subscriber to the Reuter Monitor system to use a single Reuter keyboard to retrieve not only the full range of Reuters information services but also information contained in the subscriber's own computers and in third party data banks. The information retrieved may be displayed interchangeably and in varying formats on a single video screen or simultaneously on an array of video screens. A programmable keyboard, introduced in 1981, enables a subscriber to pre-select various services and data sources for accessing by a single keystroke, thus simplifying and expediting data retrieval and display.

In addition to providing additional revenue, interface devices enable Reuters to play an active role in the design of modern dealing facilities. Reuters believes that involvement in the technical requirements of dealers is an important general marketing aid.

#### Data manipulation systems

Reuters is introducing various optional add-on systems permitting use of a Reuter video terminal, linked to a personal computer, to identify and calculate arbitrage opportunities, to convert digital data displays to graphic formats and to reorganise data in multi-coloured graphs and charts. In addition, as an adjunct to the Reuter Monitor Dealing Service, Reuters is marketing the Reuter Position Keeping Service. The service permits a subscriber to record and value transactions in foreign exchange and money market instruments and automatically updates the subscriber's computer-recorded trading inventories.

#### Historical data services

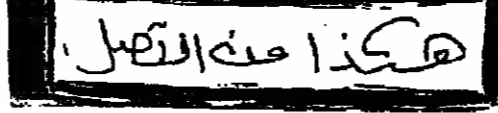
Reuters is developing new data base products containing historical information. These will complement the real time information services for its existing financial and business markets and are also expected to provide opportunities to penetrate additional markets.

The first of these products will consist of historical and background data for Eurobond securities. It will contain the terms, yield calculations and other information on more than 3,000 securities.

To develop these services, Reuters has recently started feeding its daily news file to special computer data banks, where it is organised and edited for retrieval purposes. This historical news file will also provide a greatly expanded library resource for Reuter journalists.

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# Business

## Central data facilities and communications network

Reuters communications network employs five primary computer centres located in London, Hong Kong, New York, Frankfurt and Geneva and six secondary computer centres located in Amsterdam, Paris, Zurich, Johannesburg, Singapore and Sydney. Nearly all central data equipment is owned by Reuters. The premises for all centres other than the New York centre are leased.

Key central computer systems are duplicated and alternative power sources in the primary computer centres are available to assure continuity of service in the event of a system breakdown or primary power supply interruption. In addition, fire control systems and security systems are maintained at each computer centre. Technical personnel continuously monitor the status of all computer systems and can rapidly adapt the systems to compensate for equipment or trunk circuit failures between computer centres.

Reuters computer centres are linked together by dedicated international communications circuits which rely primarily on satellites and high-speed terrestrial telephone lines. These circuits are usually leased from government telecommunications authorities ("PTTs"), except in the United States and Canada where they are leased from privately-owned carriers.

Within countries outside North America, local communications between computer centres and Reuters subscribers are almost entirely by dedicated terrestrial telephone lines leased from PTTs. Satellite facilities are not yet available to users such as Reuters for direct transmission to subscribers. Within North America, communications with Reuters subscribers also rely on dedicated leased terrestrial telephone lines. However, these lines are supplemented by, and in some cases connect with, satellite, coaxial cable and microwave transmission systems. Reuters is seeking to expand its use of multi-directional microwave and small-dish satellite transmissions directly to subscribers' facilities.

Reuters has devoted substantial resources to the application of television broadcast technology for transmission of digital data to subscribers in the United States. In 1973 IDR, Inc., a Reuters subsidiary based in the United States ("IDR"), developed the proprietary "Row Grabber" system, which converts digital data into a television signal format. The data can then be transmitted, in a continuous stream of more than 4,000,000 bits per second, to subscribers via satellite, microwave or coaxial cable broadcast. The growth of services delivered via the "Row Grabber" system is restricted by the absence of suitable coaxial cable networks or microwave facilities in most major United States financial centres other than New York City, but such facilities are now in some cases becoming available. In 1983, Reuters experienced a number of major interruptions of services to its New York City subscribers via the cable facilities provided to Reuters by the local cable television network operator. Performance improved significantly, however, after the operator took steps to improve the quality of its facilities. Reuters at present is exploring the feasibility of installing two-way coaxial cable transmission lines designed to its own specifications in various cities in the United States. Reuters is at present leasing (through Western Union Telegraph Co.) a cable network in the financial centre of San Francisco.

The recent divestiture by American Telephone & Telegraph Company of its ownership of local telephone exchange companies is expected to result in significant increases in the cost to users of local exchange telephone circuits and connections in the United States. Such users include subscribers for electronic information services provided in the United States. Accordingly, it is expected that suppliers of these services, including Reuters, may seek alternatives to local telephone lines for receiving services in order to limit cost increases. Management believes that the experience of Reuters technical personnel in adopting Reuters services to various delivery systems will be of value in responding to the developing needs of its existing and potential subscribers in the United States and, as and when applicable regulations permit, in other countries.

## Principal markets

Reuters operations are organised for marketing and management purposes into four geographical areas:

- Reuters Europe, covering 23 countries including the Union of Soviet Socialist Republics;
- Reuters Asia, Australia and New Zealand, covering 40 countries and territories in Asia, Australia, New Zealand and the Middle East;
- Reuters North America, covering the United States, Canada, the Cayman Islands, Bermuda and the Bahamas; and
- Reuters Overseas, covering 40 countries and territories in Africa, Central America, South America and the Caribbean, as well as Mexico and Israel.

Reuters annual revenue by area for the five years ended 31st December, 1983 (in millions) was as follows:

Areas	Year ended 31st December									
	1979		1980		1981		1982		1983	
	£	%	£	%	£	%	£	%	£	%
Reuters Europe	48.9	64	54.9	61	77.6	56	93.7	52	122.1	50
Reuters Asia, Australia and New Zealand	11.6	15	13.8	17	26.9	19	41.0	23	62.8	26
Reuters North America	11.1	15	13.4	15	23.9	17	31.7	18	40.7	17
Reuters Overseas	4.7	6	6.0	7	10.4	8	13.5	7	17.0	7
Total	76.3	100	90.1	100	138.8	100	179.9	100	242.6	100

## Reuters Europe

Reuters Europe accounted for at least 50 per cent. of Reuters total revenue during each of the past five years. Its infrastructure is larger than that of any other commercial supplier of electronic information services in Europe. In addition to its executive headquarters in London, Reuters has computer centres in London, Frankfurt, Geneva, Amsterdam, Paris and Zurich, branch offices in eight significant European countries (except Albania, Bulgaria, Czechoslovakia, Hungary and Rumania), editorial centres in London, Bonn and Paris and reporting bureaux in 27 European cities.

Reuters information gathering, technical, marketing and subscriber servicing resources are integrated and not generally dependent upon co-operative arrangements with other organisations. These resources and Reuters infrastructure have enabled Reuters to pursue an active policy of market development and service innovation in Europe.

The market for Reuters services in Europe is large and well established. A significant portion of Reuters business in the area consists of services provided to major financial institutions in the international financial centres of Amsterdam, Brussels, Frankfurt, Geneva, London, Milan, Paris and Zurich. Although Reuters had started to provide financial institutions with financial news and information services during the 19th century, following the abandonment of the Bretton Woods fixed exchange rate system in 1971 Reuters drew upon its previously established infrastructure to develop a substantial base of subscribers contributing exchange rate data to the Reuters Monitor system. It has recently drawn upon its European subscriber base for the Reuters Monitor system to introduce new financial services and products, such as the Reuters Monitor Dealing Service.

Of the total revenue generated by Reuters Europe during 1983, approximately 72 per cent. was attributable to four countries: the United Kingdom (32 per cent.), Switzerland (20 per cent.), West Germany (12 per cent.) and France (eight per cent.).

## Reuters Asia, Australia and New Zealand

Of the four areas, Reuters Asia, Australia and New Zealand has made the greatest increase (from 15 per cent. to 29 per cent.) in its contribution to Reuters total revenue during the past five years. The area is divided for marketing and management purposes into two regions: the Eastern region (including the Indian subcontinent, the Asian mainland, Singapore, Indonesia, the Philippines, Sri Lanka, Japan, Taiwan, Australia and New Zealand) and the Middle East region (including all of the principal oil-producing states). The contributions of the two regions to Reuters Asia, Australia and New Zealand revenue in 1983 were 59 per cent. and 41 per cent. respectively.

The growth of the Eastern region is primarily attributable to a substantial increase in recent years in the volume of trading in the Euro-currency market by financial institutions in Hong Kong, Tokyo and Singapore as well as the extension of Reuters computerised financial and business information services to countries not previously served. Substantial Eastern region contributors to Reuters Asia, Australia and New Zealand 1983 revenue were Hong Kong (16 per cent.), Japan (15 per cent.), Singapore (12 per cent.) and Australia (five per cent.). In Japan, Reuters Monitor services are distributed directly, while other services are generally distributed through local news agencies.

## Directors

The Company has 15 Directors, of whom 12 are Non-Executive Directors and three are Executive Directors. The Articles of Association provide that three of the Directors are to be elected by the holders of B Shares exclusively ("B Share Directors") and the remaining Directors are to be elected by all shareholders. As mentioned herein, under the Deed of Mutual Covenant the A Shareholders agree to nominate and exercise their voting rights to ensure the election of eight Directors.

### Non-Executive Directors

Mr Denis Hamilton, 65, became a Director of Reuters Limited in 1967 and has been its Chairman since 1979. He served as Editor-in-Chief of the newly formed Times Newspapers Limited from 1967 to 1981, as Chief Executive from 1967 to 1970 and as Chairman from 1971 to 1980. Sir Denis was President of the Commonwealth Press Union from 1981 to 1983, a member of the Press Council from 1959 to 1981 and Chairman of the British Committee of the International Press Institute from 1971 to 1981. He was a Director of International Thomson Organisation PLC from 1950 to 1983 and he has been a Trustee of the British Museum since 1969.

Mr Anderson, 54, is a Director of PA, and of Business Press International Limited and Reed Regional Publishing Limited which are subsidiaries of Reed International P.L.C. He served as Joint Managing Director of United Newspapers PLC from March 1981 to November 1983. He joined the Newspaper Society Council in 1973 and is a past Chairman of the Society's Newspaper Committee. Mr Anderson is a former Chairman of the Evening Newspaper Advertising Bureau and played a leading role in planning the Regional Newspaper Advertising Bureau. He was appointed to the Board of Reuters Limited in 1982 and is one of the three Directors who were nominated to the Board of Reuters Holdings by PA.

Mr Evans, 51, has been Joint Deputy Managing Director of International Thomson Organisation PLC since 1980. He has been Chairman and Chief Executive of Thomson Regional Newspapers Limited since 1982 and a Director of PA since 1983. He is or has been a Director of a number of other Thomson companies, including Times Newspapers Limited between 1978 and 1981. He was appointed to the Board of Reuters Limited in 1984 and is one of the three Directors who were nominated to the Board of Reuters Holdings by PA.

Mr Gibbins, 55, has been Chairman of The Guardian and Manchester Evening News plc since 1973 and was formerly a Director of The Observer Limited. He has been a Director of PA since 1982. He was a member of the Press Council from 1970 to 1974. He is also a Director of Anglia Television Group plc. He was appointed to the Board of Reuters Limited in 1984 and is one of the three Directors who were nominated to the Board of Reuters Holdings by PA.

Parts of the Middle East, which includes substantial national and foreign financial institutions, have been adversely affected by civil and international war. During the past five years, the Reuters Monitor system has been introduced in 10 countries in the region and the Reuters Monitor Dealing Service has been introduced in six countries in the region.

In addition to computer centres in Hong Kong, Singapore and Sydney and editorial centres in Bahrain and Hong Kong, Reuters maintains branch offices in 18 countries in the Eastern region and seven countries in the Middle East region and reporting bureaux in 19 cities in the Eastern region and nine cities in the Middle East region.

## Reuters North America

Reuters North America has contributed between 15 and 18 per cent. of Reuters total revenue during each of the past five years. Since 1977 Reuters has more than doubled its North American marketing staff. Branch offices are maintained in 10 cities, and reporting bureaux in 13 cities (including Washington, D.C., Reuters largest reporting bureau in the world). Reuters two North American editing centres are located in New York and Chicago. In 1983 Reuters completed construction of its New York computer centre and installed its own satellite up-link antenna.

Reuters introduced the Reuters Monitor system in North America in 1973, concurrently with the introduction of the system in Europe. Reuters has successfully marketed electronic financial information services to North American subscribers for commodities, foreign exchange and Eurodollar rates, foreign equity securities and bonds, shipping, energy and coins and precious metals. It does not, however, provide data from North American securities markets to North American subscribers in a separate video retrieval service. The Reuters Monitor Dealing Service, introduced to North America in 1981, was used by approximately 50 subscribers in the area at 31st December, 1983.

Reuters penetration of the market for electronic information services with respect to U.S. Treasury and federal agency securities has been limited by its inability to date to obtain contributed data from any of the five principal brokers in such securities. One of these brokers furnishes its quotations exclusively to Reuters principal competitor for such services, Teletel, Inc. ("Teletel"), of which the broker was formerly an affiliate. The others currently provide quotations to only the "primary" dealers in government securities. Reuters at present receives contributions of government securities data from a small broker and several primary dealers. It is also seeking to obtain contributed quotations from one or more of the principal brokers, but there can be no assurance that such efforts will be successful.

## Reuters Overseas

Reuters Overseas is the smallest of the four areas in terms of revenue. The adaptation of various international services for local use, the development of national services, the expansion of Spanish language services for Central and South American markets and the use of satellites to improve telecommunications to and within the area have enabled revenue to grow, albeit from a low base, and present opportunities for further growth. South Africa and Israel, which have sophisticated financial markets, collectively contributed 34 per cent. of the revenue reported by Reuters Overseas in 1983. Argentina, Brazil, Mexico and Venezuela, which have significant financial markets, collectively contributed 38 per cent. of such revenue.

In addition to a computer centre in Johannesburg and editorial centres in Buenos Aires and Nairobi, branch offices are maintained in 14 countries in Latin America and the Caribbean, in nine countries in Africa, and in Israel. Reporting bureaux are located in 15 cities in Latin America and the Caribbean, eight cities in Africa (including one in South Africa) and two cities in Israel.

## Subscribers and marketing

Reuters has over 15,000 subscribers, counting branches separately. The numbers of Reuters video terminals and teleprinters at the end of each of the past five years were approximately as follows:

	1979	1980	1981	1982	1983
Video terminals	11,600	14,700	19,500	24,600	32,500
Teleprinters	8,900	6,800	7,500	6,400	6,500

The reduction in the number of teleprinters over the period has been due partly to subscribers upgrading from teleprinters to video terminals.

Reuters estimates that of its subscribers during 1983, approximately 70 per cent. were financial institutions, approximately 23 per cent. corporations in other sectors of the business community, approximately six per cent. newspapers, broadcast news media and other news agencies and approximately one per cent. governments, central banks, international governmental institutions, other organisations and individuals. All of the world's 100 largest banks, as ranked by The Banker magazine in June, 1983, are subscribers.

Reuters has concentrated its marketing efforts towards large financial institutions having a substantial need for comprehensive real time market information delivered in multiple and rapidly variable formats. These subscribers include a substantial number of multinational financial and business institutions, which conduct operations in more than one, if not all, of Reuters four areas. However, in 1983 no single subscriber accounted for more than 1.6 per cent. of Reuters total revenue and Reuters 10 largest subscribers (in terms of revenue) accounted in the aggregate for 19 per cent. of its total revenue. Reuters also markets a series of modified services for those requiring less comprehensive services.

Reuters services are marketed by a sales force which at 31st December, 1983 consisted of approximately 180 full-time employees. Reuters does not generally use selling agents. The majority of Reuters revenue is covered by contracts providing for successive terms of two years unless terminated by either party as of the end of any term for six months' prior notice. Charges are based upon the particular information services purchased by a subscriber, the number of video terminals and teleprinters installed and the extent to which additional products and services are used. Payment terms vary from monthly to quarterly, half-yearly or annual remittances in advance. Reuters charges are on a fixed basis and do not vary according to volume of use, except in the case of the Reuters Monitor Dealing Service where Reuters reserves the right to charge for volume of use above a certain level.

## Research and development

Reuters is engaged in research and development with respect to applications of high-speed electronic communications technology. It is Reuters policy to concentrate its development resources on equipment or software that cannot be obtained from suppliers at the desired level of performance or cost. Approximately 175 Reuters employees are engaged in research and development at its main technical centre in London and at two locations in the United States. Outside consultants are used from time to time and assisted in the original design and development of the Reuters Monitor system, the Reuters Monitor Dealing Service and other systems and services. Expenditure for research and development aggregated approximately £4.3 million in 1981, approximately £5.2 million in 1982 and approximately £3.6 million in 1983.

The expansion of Reuters data base, the growth in the number of video terminals and the increasing volume of both requests for data and contributions of data improve increasing demands upon Reuters data processing, switching, transmission and delivery systems. To date, Reuters has been successful in maintaining the speed and efficiency of its systems. A substantial part of its technical development efforts is, however, concentrated on increasing the data carrying capacity and speed of its communications network without concomitantly increasing costs. These efforts include the development of software to increase the capacity of subscriber terminals to store information and thereby decrease the need for retrieving information from Reuters central data banks. Reuters technical personnel are also seeking to develop improved internal processing and data enhancement capabilities for subscriber terminals, as well as computer programmes to expand the historical content of Reuters data base and other systems and services. Data manipulation systems using colour graphics are a recent result of these efforts.

## Equipment supply and servicing

Reuters central computers are principally supplied by Digital Equipment Corporation. High speed modems and teleprinters are supplied by Codex Corporation, Racal-Milgo, Incorporated and Telex, Incorporated. Switching and interconnecting devices are produced by various manufacturers to Reuters designs. Substantial quantities of subscriber terminal controllers as well as various components used in the "Row Grabber" system are manufactured by IDR. Video display screens, keyboards, hard copy printers and teleprinter terminals are supplied by various manufacturers. It is Reuters policy to minimise the number of suppliers of its central processing and subscriber terminal equipment in order to facilitate system maintenance and upgrading.

## Management and employees

Mr. Gyllenhammar, 49, has been Chairman of Aktiebolaget Volvo since 1983, having been Chief Executive Officer of the Volvo Group since 1971. He has been a Director of Skandinaviska Enskilda Banken since 1979. He has been a Director of Skandinaviska Enskilda Banken since 1981, of Atlas Copco AB since 1982 and of S. Pearson & Son plc since 1983. Since 1972 he has been a member of the International Advisory Committee of The Chassa Manhattan Bank, N.A. He was appointed to the Board of Reuters Holdings in May 1984 and is one of the three B Share Directors.

Mr. Hogg, 47, has been Chairman of Courtauld PLC since 1980, having been a Director since 1973. He joined the Courtauld Group in 1968 when he was appointed a Director of The International Paint Company Limited. From 1966 to 1968 he worked for the Industrial Reorganisation Corporation and prior to that worked for three years for Hill Samuel & Co. Limited. He was appointed to the Board of Reuters Holdings in May 1984 and is one of the three B Share Directors.

Mr. Irvine, 47, has been the Managing Director of Fleet Holdings P.L.C. since its formation in 1982 as the parent company of the demerged publishing activities of Trafalgar House Public Limited Company. He is a Director of its principal subsidiaries Express Newspapers p.l.c. and Morgan-Grampian plc and of other subsidiaries and affiliates including Capital Radio Limited, TV-am Limited and Britanvic Film and Television Limited. From 1965 to 1982 he was a partner in Touche Ross & Co., Chartered Accountants. He was appointed to the Board of Reuters Limited in 1984 and is one of the three Directors who were nominated to the Board of Reuters Holdings by NPA Nominees.

Mr. Murdoch, 53, is Chief Executive of The News Corporation Limited and Chairman of its subsidiary, News International plc. Together with members of his family he controls 46.3 per cent. of the issued share capital of The News Corporation Limited. He has been a Director of Reuters Limited since 1979 and is one of the three Directors who were nominated to the Board of Reuters Holdings by NPA Nominees.

Mr. Such, 46, has been since 1980 Chief Editorial Executive of John Fairfax and Sons Limited, the Sydney newspaper publishing division of John Fairfax Limited, an Australian media group. He had previously been Editor of the National Times and the Sydney Sun Herald. He is a Joint Managing Director of AAP. He was appointed to the Board of Reuters Limited in 1984 and is one of the two Directors who were nominated to the Board of Reuters Holdings by AAP.

Mr. Turnbull, 56, has been a Joint Managing Director of AAP since 1972 and Chairman since 1983. He is a Director of The Herald and Weekly Times Limited. He has been a member of the Australian Newspapers Council since 1972 and Chairman of the Australian Section of the Commonwealth Press Union since 1974. He has been a Director of Reuters Limited since 1974 and is one of the two Directors who were nominated to the Board of Reuters Holdings by AAP.

Reuters considers its relationships with its suppliers to be satisfactory. However, it seeks to maintain stocks of components at levels which will provide it with adequate supplies should a particular supplier prove unable to meet Reuters needs and a new supplier have to be found. This policy is not always capable of implementation and, in view of the rate of growth of Reuters, limitations of supplies have in the past limited, and could continue to limit, sales from time to time.

For 1984 Reuters currently expects that its expenditure will include approximately £17 million on central computer and communications systems and approximately £34 million on subscriber terminal equipment.

The installation, operation and maintenance of Reuters central computer equipment are generally performed entirely by its own technical personnel. Exceptions are the Hong Kong computer centre, which is operated for Reuters by a local subsidiary of Cable & Wireless P.L.C., the Singapore computer centre, which is operated by the Singapore Telecommunications Authority, and the Sydney computer centre, which is operated by AAP Services. Communications equipment supplied by PTTs generally is installed and maintained by PTT employees. The installation and maintenance of subscriber terminal equipment generally are performed by Reuters own field personnel. In a number of locations, especially in North America, these services are performed by subcontractors. Reuters is gradually substituting its own field maintenance personnel for subcontractors when justified by local business volume.

## Competition

At present a number of firms compete with Reuters in supplying electronic information services in various geographical areas, although Reuters believes that none has a breadth of services or an integrated information gathering, marketing and technical infrastructure equal to that of Reuters.

Reuters principal competitors for the supply of services to the media are two United States news agencies, Associated Press and United Press International. Outside the United States Reuters competes directly with both of these agencies and, in certain areas, with national news agencies of various countries. Within the United States, Reuters services to the news media are more international in content and, therefore, supplement rather than directly compete with those furnished by Associated Press and United Press International.

Reuters principal competitors for the supply of financial and business information services outside the United States include Teletel, Associated Press and Dow Jones (operating jointly under the name "AP-Dow Jones/Teletel") and Commodity News Service Inc. (operating under the names "Inquire" and "Unicom"). Competition for the supply of specific types of financial information services is also encountered. Quick, a Japanese information service, offers to dealers around the world quotations for Japanese domestic money market instruments. Teletel A.G., a Swiss organisation owned by a group of Swiss banks, furnishes an electronic quotation service in Switzerland, Germany and France for securities traded on a number of stock exchanges. Topic, a service of The Stock Exchange in London, primarily provides quotations and related information concerning securities traded on that exchange mainly to the London financial community. Manitest is a comparable service for commodities traded on the London Commodities Exchange.

Competition with Reuters for the supply of services to the financial and business communities within the United States is encountered primarily from ADP Comtrend, Commodity News Service Inc., Dow Jones and Teletel. Other principal suppliers of real time information services in the United States, principally domestic securities services, are Quotron Systems Inc. and the Burke-Rambo division of Allied Corporation. There are also numerous smaller competitors in North America.

Teletel, within the United States, and AP-Dow Jones/Teletel, outside the United States, are the only organisations providing to subscribers electronic delivery of specialised financial information services approximating in type and format to certain of the services furnished by Reuters. Teletel and AP-Dow Jones/Teletel also furnish their subscribers with economic news summaries which are supplied by various news services, including AP-Dow Jones. Within the United States, Teletel's contributed data services covering U.S. government securities and domestic money market instruments have achieved greater market penetration than those offered by Reuters. Reuters believes that this is attributable primarily to Teletel's early entry into the market for such services and to its arrangement with one of the five principal brokers for U.S. government securities for an exclusive supply of quotations. See "Principal Markets - Reuters North America". Reuters believes that Teletel's data base of foreign exchange and non-U.S. money market quotations is substantially less comprehensive than that of Reuters and that Teletel has achieved less penetration of the markets for this information within the United States. Reuters believes that the penetration by AP-Dow Jones/Teletel of all sectors of the electronic information services market outside the United States is substantially less than that of Reuters.

Other companies and joint ventures, which may include existing subscribers or competitors and which may have technical and financial resources equal to or substantially greater than those of Reuters, may also begin to compete with Reuters in supplying electronic information services in various geographical areas. In March 1984 Merrill Lynch & Co., Inc. ("Merrill Lynch"), parent company of the largest securities brokerage firm in the United States, and International Business Machines Corporation ("IBM"), announced the formation of a joint venture that will offer to the financial services industry and other institutions an electronic information delivery and office automation system. The system is intended to deliver current market information, together with customer account data and other internal communications, to an electronic workstation incorporating an IBM personal computer. Merrill Lynch has advised Reuters that the joint venture has constructed a prototype and at present expects to initiate a pilot operation in certain Merrill Lynch offices by the second quarter of 1985. Merrill Lynch has further advised Reuters that, although initially intended for use in Merrill Lynch's branch offices in the United States, the system also will be marketed to other firms in the financial services industry and other institutions. It is not possible at this time to quantify the effects, if any, that the system will have on Reuters either inside or outside the United States. Certain affiliates of Merrill Lynch throughout the world are subscribers to Reuters services, collectively accounting for less than 1.6 per cent. of total revenue in 1983. An affiliate of Merrill Lynch is one of the representatives of the U.S. Underwriters. In May 1984 Merrill Lynch agreed to an extension to 28th February, 1989 of substantially all subscriber contracts between its subsidiaries and affiliates and Reuters in effect on 29th February, 1984 subject to certain cancellation rights and corresponding penalties.

With few exceptions, Reuters has supplied its financial and business information services to subscribers solely through its own terminals. Reuters is aware that certain large financial institutions are considering adapting and extending their own computer systems to provide electronic retrieval and delivery of financial information within their own organisations and may seek to obtain direct data feeds without installation of terminals. Reuters experience with those institutions that in the past have obtained data feeds from Reuters for use in internal systems indicates that the substantial investment in and commitment to specific technology and equipment required for an information system to develop its own systems reduces the likelihood that such developments will have a material adverse effect on Reuters business. The increasing acceptance of, and reliance upon, the Reuters Monitor Dealing Service and Reuters interface products by major financial institutions also reduces that likelihood.

## Government regulation

Access to and use of communications links are subject to government regulation and/or licensing in every country. In most major countries, other than the United States and Canada, the principal communications delivery systems are owned and regulated by PTTs. Accordingly, the activities of Reuters in any particular country may from time to time be affected by changes in law, or interpretations of law, or licensing arrangements which may in turn be affected by factors such as prevailing government policy or the financial requirements of the PTTs themselves. Reuters and its competitors are subject to constraints in certain countries in which they operate, including obligations to permit participation in information dissemination by local companies, obligations to use equipment from specified local suppliers and limitations on the use of PTT systems for transmission of data signals. The possible relaxation of certain regulations imposed in certain countries, particularly regulations relating to use of delivery systems other than terrestrial telephone lines, may facilitate Reuters introduction outside North America of alternative systems (such as coaxial cable, small dish satellite and microwave services) for delivering services to subscribers.

Because of Reuters long history as a major user of international communications circuits, it has developed a close working relationship with various PTTs. Reuters technical personnel regularly consult PTTs concerning the most appropriate systems for transmitting particular types of data. This relationship is important in view of the ability of PTTs to affect Reuters business operations.

Mr. Winfrey, 52, has been a Managing Director of East Midland Allied Press plc since 1962 and is a substantial shareholder in that company. He is a past Chairman of the Weekly Newspaper Advertising Bureau. He has been a Director of PA since 1976 and Chairman since 1981. In 1979 he was elected to the Board of IFRA, the European newspaper industry research organisation. He has been a Director of Reuters Limited since 1981 and is one of the three Directors who were nominated to the Board of Reuters Holdings by PA.

Mr. Wriston, 64, has been Chairman of Citicorp and Citibank, N.A. since 1970. He is a Director of Citicorp, Citibank, N.A., Bechtel Investments, Inc., The Chubb Corporation, General Electric Company and J.C. Penney Company, Inc. He will reach Citicorp's mandatory retirement age of 65 on 3rd August, 1984. He was appointed to the Board of Reuters Holdings in May 1984 and is one of the three B Share Directors.

## Executive Directors

Each of Reuters Executive Directors has been engaged in various aspects of Reuters business for substantially all his business career.

Mr. Renfrew, 55, joined Reuters as a trainee in 1952 and spent the next 12 years in a variety of reporting, editing and management posts in economic and general news in London, South-East Asia, South Africa, the United States and Belgium. In 1964, Mr. Renfrew assumed world-wide responsibility for Reuters then newly-established computer services. From 1969 to 1971 he served as Deputy Manager of Reuters Economic Services and from 1971 to 1981 as Manager of Reuters North America. He became a Deputy General Manager in 1974, was appointed to the Board of Reuters Limited as a Joint Deputy Managing Director in 1976 and was appointed Managing Director and Chief Executive in 1981.

Mr. Nelson, 55, joined Reuters as a trainee in 1952 and served as a financial journalist in London and as a journalist and manager in Asia. In 1960 he was appointed Joint Manager of Reuters Economic Services. Mr. Nelson became Manager of Reuters Economic Services in 1962, an Assistant General Manager of Reuters in 1967 and General Manager in January 1976. He was appointed to the Board of Reuters Limited as a Joint Deputy Managing Director in June 1978 and became Deputy Managing Director in 1981.

Mr. Judah, 53, is a chartered accountant. He joined Reuters in 1955 and became Assistant Chief Accountant in 1956 and Secretary and Chief Accountant in 1960. In 1967 he was appointed Assistant General Manager and in 1981 he was appointed to the Board of Reuters Limited as Finance Director. He is also responsible for the administration of Reuters pension funds and the legal, property and management systems departments of Reuters.

## Management and employees

### Other senior executives of Reuters Limited

Mr. Kevin Garry, 47, became Assistant General Manager in 1974. He is responsible for Reuters staff policy, including industrial relations. He joined Reuters as a trainee in 1960 and worked as a correspondent in Paris and Ankara. In 1964 he became Reuters Chief Representative in Japan, in 1968 Reuters Chief Representative in France and in 1969 General News Manager for Europe. From 1970 until 1974 he served as Pacific Manager, General News.

Mr. Michael Reupke, 47, who became Editor-in-Chief in 1978, is responsible for co-ordinating Reuters editorial operations throughout the world. He joined Reuters as a trainee in 1962 and served in a variety of reporting and editing posts for the next eight years. He was appointed Assistant Manager (Europe) of the General News Division in 1970, Chief Representative in West Germany in 1973 and Manager, Latin America in 1975.

Mr. Peter Holland, 40, is Manager of Reuters Overseas. He joined Reuters in 1968, having had experience as a journalist with several British newspapers. His early work for Reuters was as a journalist, but in 1972 he assumed responsibility for a special news service provided to the cable television industry in North America. He became Deputy European Manager, Reuters Economic Services, in 1975 and, after further European management positions, was appointed to his present responsibilities in 1983.

Mr. Peter Job, 42, is Manager of Reuters Asia, Australia and New Zealand. He joined Reuters as a trainee in 1963 and spent his first eight years with Reuters in journalistic positions,

finishing as Assistant to the Editor. He has subsequently held management posts in Latin America and Asia and assumed his present responsibilities in 1983.

Mr. Patrick Mannix, 41, is International Technical Manager, responsible for the co-ordination of all Reuters technical planning and development. He began his career with Shell Petroleum, and joined Reuters in 1970. He was responsible for co-ordinating the operational and technical aspects of the Reuter Monitor project and introducing the original Reuter Monitor system into certain financial centres. He became Deputy Technical Controller in 1975, Technical Operations Manager in 1979, European Technical Manager in 1981 and assumed his present position in 1983.

Mr. Christopher Thomas, 43, is Financial Controller. Before joining Reuters in 1974 as Financial Manager, Head Office, he was Chief Accountant of The Solicitors' Law Stationery Society Limited, having previously been a partner in a firm of Chartered Accountants. In 1975, he was appointed Deputy Financial Controller of Reuters and was appointed to his present responsibilities later that year.

Mr. David Ure, 36, is Manager of Reuters Europe. He joined Reuters as a trainee in 1968. In 1974, he became Product Planning Manager, Reuters Economic Services, and was responsible for supervising the development of various video retrieval services. He was appointed Project Development Manager in 1979 and had responsibility for the Reuter Monitor Dealing Service project. He was appointed to his present post in 1983.

Mr. André-François Viteneuve, 39, is Manager of Reuters North America. He also chairs the Marketing Co-ordination Committee which co-ordinates Reuters international marketing

strategy. He joined Reuters as a trainee in 1967. After periods as a journalist in Brussels and in management in Latin America, he was in 1972 appointed Assistant Marketing Manager, Reuters Economic Services, and undertook the initial market research which led to the specification and marketing of the Reuter Monitor Money Rates service and News Retrieval services. He became Trading Manager in 1977, Manager of Reuters Europe in 1981 and Manager of his present area in 1983.

### Employees

At 31st December, 1983 Reuters had approximately 3,600 full-time employees, 1,910 of whom were located in Europe, 780 in North America, 650 in Asia, Australia, New Zealand and the Middle East and 260 in Latin America, Africa and Israel. Of these employees, approximately 50 held senior management positions, 600 were journalists, 350 were engaged in other editorial operations, 1,280 were engineers and technical personnel, 360 were engaged in sales and marketing and the balance were clerical, administrative and other staff. In addition to its full-time employees, Reuters had at 31st December, 1983, approximately 1,000 part-time journalists.

Reuters devotes substantial resources to recruiting and training its employees and attributes a high value to the quality of its staff.

Employees in various parts of Reuters operations in a number of major countries are represented by trade unions. Reuters considers its relationships with employees throughout the world to be generally satisfactory.

### Proceeds of the issue

The aggregate net proceeds to be received by Reuters Holdings from the issue of B Shares under this Offer for Sale and the U.S. Offering, after deducting the proportion of the estimated expenses payable by Reuters Holdings, are estimated to be £48 million at the Minimum Tender Price and assuming the maximum number of B Shares are sold. In addition, the maximum net proceeds to be received by Reuters Holdings from the issue of up to 3,000,000 B Shares under the Special Employee Offer are estimated to be £2.2 million. These net proceeds will be used to expand Reuters operations, primarily by the acquisition of assets or the acquisition of, or investment in, other companies, principally located in the United States and Europe, which are engaged in communications or electronic information delivery or have data bases which complement or augment those of Reuters. Reuters is exploring a number of opportunities in these areas. However, it has no agreements, commitments or understandings with respect to any acquisitions or investments. Pending application as described herein, these net proceeds will be held in short-term investments.

### Net assets, working capital and capital expenditure

Net tangible assets of Reuters at 31st December, 1983 as shown by the pro forma summarised consolidated balance sheet of Reuters Holdings included in the Accountants' report amounted to £63.5 million. Taking into account the net proceeds of the subscription of B Shares at the Minimum Tender Price and the maximum net proceeds to be received from the issue of B Shares under the Special Employee Offer, the adjusted pro forma net tangible assets would have amounted at that date to approximately £112 million.

Subscriptions for Reuters shares are primarily paid in advance and it maintains a relatively low level of stocks. Accordingly, Reuters generally has no significant requirements for working capital.

Reuters capital expenditure has primarily related to subscriber terminal equipment and central computer and communications equipment. During 1981, 1982 and 1983, Reuters capital expenditure amounted to approximately £27.6 million, £44.6 million and £36.3 million, respectively. In 1984 Reuters currently expects that its expenditure on subscriber terminal equipment, central computer and communications equipment and other capital assets will amount to approximately £68.5 million. Reuters expects to fund such capital expenditure out of cash flow from operations.

Over the past two years the cash flow from operations has significantly exceeded Reuters capital requirements. Prior to 1982 Reuters financed subscriber terminal equipment mainly by selling equipment that it had manufactured or purchased to unaffiliated leasing companies, which then rented the equipment directly to Reuters subscribers. Capital requirements for central computer and communications equipment and other assets were financed with internally generated funds and medium-term borrowings. The increase in the level of internally generated funds in 1982 enabled Reuters to cease selling subscriber terminal equipment to unaffiliated leasing companies. It then purchased most of the equipment rented direct to subscribers by those companies. This increased capital expenditure in 1982 by approximately £10 million, in addition Reuters repaid its outstanding medium-term bank borrowings.

As a result of the improvement in its financial position, Reuters also began in 1982 to pay dividends to its shareholders, payments for 1981, 1982 and 1983 amounting to £1.9 million, £5.8 million and £7.8 million respectively.

At 31st December, 1983 Reuters had cash and short-term investments of approximately £39 million and approximately £22.1 million invested in direct finance leases, which are obligations of or guaranteed by United Kingdom banks or their subsidiaries or enterprises owned by H.M. Government. As a result of Reuters billing practices, payments from subscribers are concentrated mainly in the early part of Reuters financial year. Short-term borrowings are mainly used towards the end of Reuters financial year when expenditure is generally heaviest. At 31st December, 1983 approximately £31.7 million of short-term borrowings having a weighted average interest rate of 9.4 per cent. per annum were outstanding. Such borrowings had been substantially reduced during the first quarter of 1984 and at 30th March, 1984 amounted to £6.1 million when cash and short-term investments amounted to £63.3 million. Reuters has available short-term bank facilities of approximately £8.4 million and uses from time to time short-term money market facilities in London.

### Trading record

The following table sets out, for each of the last five years, an analysis of Reuters revenue and expenses, operating profit before interest and net income after tax:-

	Year ended 31st December				
	1979	1980	1981	1982	1983
	£'000	£'000	£'000	£'000	£'000
Revenue					
Financial and business information services	60,424	72,834	110,078	159,149	215,092
Equipment sales	6,485	7,749	15,155	2,320	883
Media news services	9,400	9,512	11,978	13,052	15,635
Dealing service and other additional products and services	—	—	1,593	5,392	11,020
<b>Total</b>	<b>76,309</b>	<b>90,095</b>	<b>138,804</b>	<b>179,913</b>	<b>242,630</b>
Expenses					
Production and communications costs	60,077	69,355	101,094	117,652	152,722
Selling and marketing expenses	3,919	5,292	8,896	11,682	16,355
Administrative expenses	8,353	11,283	14,439	16,414	22,684
<b>Total</b>	<b>72,349</b>	<b>85,930</b>	<b>122,429</b>	<b>145,748</b>	<b>191,761</b>
<b>Operating profit before interest</b>	<b>3,960</b>	<b>4,165</b>	<b>16,375</b>	<b>34,165</b>	<b>50,869</b>
<b>Net income after interest and tax</b>	<b>1,326</b>	<b>1,917</b>	<b>15,666</b>	<b>20,385</b>	<b>31,307</b>

Revenue increased by 18 per cent., 54 per cent., 30 per cent. and 35 per cent. in the years 1980, 1981, 1982 and 1983 respectively.

Sales of financial and business information services increased by 21 per cent., 51 per cent., 45 per cent. and 35 per cent. in the years 1980, 1981, 1982 and 1983 respectively and accounted for 89 per cent. of total revenue in 1983. The great majority of sales of financial and business information services derives from those delivered via the Reuter Monitor system. Foreign exchange and money market services are by far the largest component of these services. Revenue growth has arisen from significant increases in the number of subscribers, including subscribers in countries not previously served by the Reuter Monitor system, the

number of additional video terminals installed for existing subscribers and the increase in the range of services offered. Reuters decision in 1982 to cease sales of subscriber terminal equipment to unaffiliated leasing companies substantially reduced revenue growth from equipment sales in that year.

Revenue from media news services increased by one per cent., 26 per cent., nine per cent. and 20 per cent. in 1980, 1981, 1982 and 1983 respectively and accounted for six per cent. of total revenue in 1983.

The Reuter Monitor Dealing Service and certain interface devices and data manipulation systems were first introduced in 1981 and provide a small but increasing proportion of revenue. Revenue from these sources amounted to £1.1 million or five per cent. of total revenue in 1983.

Revenue growth in all Reuters geographical areas has been primarily attributable to financial and business information services. However, over the last five years the rates of growth in revenue from these services have been greater in Reuters Asia, Australia and New Zealand and Reuters Overseas than in Reuters Europe and Reuters North America. In Reuters Asia, Australia and New Zealand and Reuters Overseas, growth has been primarily attributable to the provision of financial and business information services to new subscribers. In Reuters Europe, growth during the last three years has been largely due to the installation of additional terminals for, and provision of additional services to, existing financial and business subscribers. In Reuters North America, growth has been due both to the provision of services to new subscribers and to additional terminal installations for, and provision of additional services to, existing subscribers. At various times in the last five years prices have been increased significantly in particular countries. However, particularly since 1981, Reuters revenue growth has not depended to any substantial extent on price increases.

Reuters total expenses increased during the last five years, but at slower rates than revenue. Production and communications costs increased by 15 per cent., 46 per cent., 16 per cent. and 30 per cent. respectively in 1980, 1981, 1982 and 1983. These increases primarily reflect the expansion of Reuters world-wide communications network, including, particularly during the last three years, the establishment and operation of additional data centres, increased line costs resulting from the increased volume of data transmitted between data centres, and the direct provision of field service to an increasing number of subscribers. The development and introduction of the Reuter Monitor Dealing Service contributed to the increases in 1980 and 1981. Substantial increases in depreciation charges arising from the increased level of capital expenditure (including Reuters purchase in 1982, from unaffiliated leasing companies, of equipment rented to Reuters subscribers) contributed to the increases in 1982 and 1983. Selling and marketing expenses increased by 35 per cent., 89 per cent., 89 per cent. and 40 per cent. respectively in 1980, 1981, 1982 and 1983. Administrative expenses increased by 35 per cent., 28 per cent., 14 per cent. and 38 per cent. respectively in 1980, 1981, 1982 and 1983. The increases in both categories of costs reflect the expansion of Reuters business activities, which required increases in personnel and other general and administrative expenses.

Operating profit before interest, expressed as a percentage of revenue, improved from five per cent. in 1979 to 21 per cent. in 1983. A substantial proportion of Reuters costs is related to its reporting and communications network, and a significant portion of these does not vary directly with the number of subscribers to Reuters services. The expansion of Reuters business activities permitted the allocation of such fixed and semi-fixed costs over a larger revenue base.

In 1982 and 1983 Reuters generated net interest income (including income from leasing) amounting to £2.4 million and £4.1 million, respectively. In 1979, 1980 and 1981 Reuters had a minimal net interest expense.

Reported taxes on profit decreased from 62.3 per cent. in 1979 to 43.3 per cent. in 1983. Substantial changes to the basis of corporation tax in the U.K. were proposed in the Chancellor of the Exchequer's Budget Statement on 13th March, 1984 which are now included in the Finance (No. 2) Bill presently proceeding through Parliament. Under these proposals U.K. main stream corporation tax rates will be reduced from 52 per cent. to 35 per cent. in stages over the next three years and first year allowances on eligible capital expenditure will be reduced from 100 per cent. to a reducing balance writing down allowance of 25 per cent. in stages over the same period. As a result, Reuters has provided in full for deferred taxes as it can no longer be demonstrated with reasonable probability that there would be no reversal of the timing differences relating to the excess of tax allowances over the depreciation charge. This provision has been made at 35 per cent., being the rate at which the deferred liability is expected to crystallise. As the first of the following tables indicates, with the exception of 1981 a significant proportion of such taxes in each year consisted of a provision for deferred tax. Based on management's current estimate, this will become payable in the years shown in the second table below.

	Year ended 31st December				
	1979	1980	1981	1982	1983
	£'000	£'000	£'000	£'000	£'000
Tax charge	2,189	1,770	1,015	16,345	23,946
Tax paid	415	441	1,862	4,170	9,146
Provision for deferred tax	1,774	1,329	(847)	12,175	14,800
Deferred tax will become payable as follows:-					
1987	831	—	—	—	—
1988	943	457	—	—	—
1989	—	872	(847)	5,475	—
1990	—	—	—	6,700	2,200
1991	—	—	—	—	7,000
1992	—	—	—	—	5,600
<b>Total</b>	<b>1,774</b>	<b>1,329</b>	<b>(847)</b>	<b>12,175</b>	<b>14,800</b>

Reflecting the foregoing factors, Reuters net income after tax has increased by 45 per cent., 717 per cent., 30 per cent. and 54 per cent. in the years 1980, 1981, 1982 and 1983 respectively.

Reuters receives its revenue in 56 currencies and incurs expenses in a much larger number of currencies. The principal currencies for Reuters are the pound sterling, the U.S. dollar, the Swiss franc and the German mark. Outside the United Kingdom, a significant proportion of Reuters subscriber contracts is expressed in U.S. dollars, Swiss francs and German marks, irrespective of the country in which a subscriber is located. In terms of relative percentages of revenue and expenditure, the greatest disparities arise in the case of the pound sterling and the Swiss franc. Reuters 1984 budget projected that approximately 16 per cent. of revenue would be received and approximately 36 per cent. of expenditure would be incurred in pounds sterling and approximately 13 per cent. of revenue would be received and approximately four per cent. of expenditure would be incurred in Swiss francs. In recent years, Reuters has pursued an active policy of hedging on a regular monthly basis in terms of pounds sterling at least 40 per cent., and often more, of its forecast net cash flow in non-sterling currencies for the following twelve month period. The marked strengthening of the pound sterling against other currencies in 1980 reduced

reported revenue and expenses in that year. Since 1980 the pound sterling has tended to fall against most of the other principal currencies in which Reuters revenue is received and its expenditure incurred, thereby contributing to increases in reported revenue and expenses. Reuters increased profit margins have substantially reduced the relative sensitivity of its operating income to currency fluctuations.

### Profit forecast for 1984

Reuters expects revenue to increase in 1984 at a somewhat lower rate than the 30 per cent. and 35 per cent. growth rates experienced in 1982 and 1983, respectively, due primarily to a reduction in the rate of revenue growth in Reuters Asia, Australia and New Zealand from the very high rates recorded during the period of Reuters initial penetration of the markets in that area. However, in monetary terms the growth in revenue, both overall and in Reuters Asia, Australia and New Zealand, is expected to be similar to that experienced in 1983. During 1984 revenue growth is expected to be weighted toward the second half of the year, reflecting particularly increases in demand from existing European subscribers for additional services and terminals, anticipated installations of recently introduced data manipulation systems and growth of the Reuter Monitor Dealing Service.

Costs are expected to increase in 1984 at about the same rate as revenue generally but without the same weighting toward the second half, reflecting particularly the substantial completion of a deliberate build-up of Reuters central editorial, technical and marketing infrastructure in North America which began in 1983. Accordingly, as a percentage of revenue, costs are expected to be higher during the first half of 1984 than in the second half of the year.

The Directors forecast that, in the absence of unforeseen circumstances and on the bases and assumptions under "Assumptions and letters relating to the profit forecast", Reuters profit before tax for the year ending 31st December, 1984 will be in the region of £70 million. In the light of the anticipated trends in revenue and costs discussed above, the Directors expect that in 1984 profit before tax will show a significantly lower rate of growth during the first half and a significantly higher rate of growth during the second half than that for the year as a whole.

The rate of tax on profit in 1984 is expected to be broadly comparable to that for 1983 which was 43 per cent. On this basis and on the basis of profit before tax in the region of £70 million, earnings in 1984 would be in the region of £40 million (10.29p per share).

The figure for earnings is before provision for any minority interest attributable to the E Shares and E Preference Shares of Reuters Limited held by executives. The figure for earnings per share has been calculated on the basis of a pro forma weighted average number of shares outstanding during 1984 of 388,509,982 which takes into account the maximum of 32,000,000 B Shares now being offered for cash and the maximum number of B Shares which may be issued in exchange for E Shares and E Preference Shares of Reuters Limited held by executives on the basis of the arrangements referred to in "Statutory and general information - E Shares and Directors' and other interests".

### Dividends

Future dividends, which will be consistent with Reuters policy of retaining a substantial proportion of its earnings for use in its business, will be dependent upon Reuters earnings, financial condition and other factors. The Directors intend, in the absence of unforeseen circumstances and on the assumption that profit before tax is in the region of £70 million, to recommend the payment of total dividends of 2.50p per share (equivalent to approximately 3.57p inclusive of tax credit) for the year ending 31st December, 1984 consisting of 1p per share (exclusive of tax credit) to be paid as an interim dividend in or about October, 1984 and 1.50p per share (exclusive of tax credit) to be paid as a final dividend in or about May, 1985. These dividends would represent a gross yield of 1.98 per cent. at the Minimum Tender Price and their net cost would be covered approximately four times by forecast earnings.

### The future

Reuters intends to continue with the strategy on which its recent growth has been based, concentrating its marketing efforts towards large financial and business institutions having a substantial need for comprehensive real time information. The four main elements of this strategy are:-

- To expand the Reuter data bases  
Reuters intends to continue to develop new regional and national data bases, both real time and historical, building upon its existing international data bases. Reuters intends to add new data bases both by acquisition and by internal development.
- To maintain an efficient world-wide communications network  
Reuters intends to continue its research and development work on rapid and cost-effective means of delivering information to its subscribers. Further expenditure will be made on Reuters technical centres and subscriber terminals to increase the capacity and reduce the response times of the Reuter network.
- To increase the communication and transaction facilities offered to subscribers  
Reuters plans to increase the communication and transaction facilities it offers and in particular to expand the Reuter Monitor Dealing Service both geographically and by increasing the number of markets for which dealing services are offered.
- To expand the range of product enhancements, particularly for the purpose of data manipulation  
Reuters has recently introduced three new products: a position-keeping system, an arbitrage facility and a colour graphics service. Reuters will continue to develop its own product enhancements and may make acquisitions or acquire additional distribution rights in this field.

As regards its four geographical areas, Reuters believes that in Reuters Europe the main opportunities lie in providing additional sophisticated products and services to existing customers and lower cost services for subscribers requiring less comprehensive services. In Reuters Asia, Australia and New Zealand expansion is likely to come both from sales of new products to existing customers and from sales to new customers, with an increasing concentration on providing local and regional services. In Reuters Overseas, Reuters intends to continue to concentrate on providing services tailored to the local markets. In Reuters North America, the intention is to build on Reuters existing strengths in international money rates and commodities, to strengthen its databases in U.S. domestic money rates and to extend the range of its data bases.

The Directors believe that Reuters has substantial opportunities for further profitable growth and view the future of Reuters with confidence.

## Assumptions and letters relating to the profit forecast

The Directors' profit forecast for 1984 set out herein has been made on the basis of management accounts for the first two months of the year and management projections for the remainder of the year and on the assumption that none of the following will have any material effect on the business of Reuters either directly or, through its effect on Reuters suppliers or subscribers, indirectly:-

- Any change in U.K. or overseas legislation or regulations;
- Any industrial disputes, political disturbances, wars or natural disasters;
- Any new international agreement fixing currency exchange rates;
- Any changes in the structures of banking, financial and commodities markets or any disruption in their supply of information to Reuters;
- Any adverse changes to the existing arrangements with the world's telecommunications authorities;
- Any major interruption to Reuters supplies of equipment or components;
- Any unexpected major technological developments involving Reuters in high levels of either undepreciated capital expenditure or obsolescence of equipment;
- Any changes in interest, inflation or currency exchange rates as compared with the levels currently experienced;
- Any variation in the incidence of bad debts from the levels experienced in recent years;
- Any changes in the rates and bases of taxation world-wide, other than changes already announced.

The Directors of Reuters Holdings have received the following letters in connection with the profit forecast for 1984:-

The Directors,  
Reuters Holdings PLC.  
8 St. Bride Street,  
London EC4A 4DA.  
15th May, 1984.

Dear Sirs,

We have reviewed the accounting policies and calculations of the forecast of profit before tax of Reuters Holdings PLC and its subsidiaries, for which you as Directors are solely responsible, for the year ending 31st December, 1984 contained in the Offer for Sale of B Ordinary (Limited Voting) Shares in Reuters Holdings PLC to be dated 15th May, 1984.

In our opinion, the profit forecast, as far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the Directors and set out in the said Offer for Sale and is presented on a basis consistent with the accounting policies normally adopted by Reuters Limited.

Yours faithfully,  
BINDER HAMLIN  
Chartered Accountants

30 Gresham Street,  
London EC2P 2EB.  
New Court,  
St. Swinhan's Lane,  
London EC4P 4DU.

The Directors,  
Reuters Holdings PLC.  
15 May, 1984.

Dear Sirs,

We have discussed with you and with Binder Hamlyn the forecast of profit before tax of Reuters Holdings PLC and its subsidiaries for the year ending 31st December, 1984 to be included in our Offer for Sale of B Ordinary (Limited Voting) Shares in Reuters Holdings PLC to be dated 15th May, 1984 together with the bases and assumptions on which the forecast has been prepared.

We consider that the profit forecast (for which you as Directors are solely responsible) has been made after due and careful enquiry.

Yours faithfully,  
for S. G. WARBURG & CO. LTD.  
J. R. S. Boas  
Director

Yours very truly,  
for N. M. ROTHSCHILD & SONS LIMITED  
A. J. Alt  
Director

مركز ابحاث

## Present structure of ownership and control

### Introduction

A key factor in Reuters business for many years has been the guarantee of independence and integrity provided by the Reuter Trust Agreement. Under this Agreement PA, NPA, AAP and NZPA agreed to use their best endeavours to preserve the Reuter Trust Principles (See "Historical background"). The new structure, contained in the provisions of the Memorandum and Articles of Association of Reuters Holdings and of the Founders Share Company, and in the Deed of Mutual Covenant, is intended primarily to ensure that the Reuter Trust Principles continue to be complied with, following this Offer for Sale and the U.S. Offering.

Under the Deed of Mutual Covenant the A Shareholders agree to exercise the voting rights attaching to their A Shares and Reuters Holdings and the Founders Share Company agree to use their respective best endeavours to ensure that the Reuter Trust Principles are complied with. The Directors of Reuters Holdings are obliged to have due regard to the Reuter Trust Principles and Reuters Holdings agrees to indemnify the Founders Share Company against, inter alia, expenses incurred by the Founders Share Company in enforcing the provisions of the Deed of Mutual Covenant and the Reuter Trust Principles.

The principal rights attaching to each of the three classes of share capital in Reuters Holdings and the manner in which voting rights may be exercised under the new structure are as follows.

### Founders Share

The Founders Share has no right to receive any dividend or other distribution, apart from repayment on a winding-up of the sum of £1. The Founders Share may only be owned by the Founders Share Company and in certain circumstances confers upon the Founders Share Company special voting rights.

First, if the Reuter Trustees believe that any person, together with any associates, is seeking to obtain or has obtained control of Reuters Holdings, a majority of the Reuter Trustees may require the votes attaching to the Founders Share to be exercised. "Control" means the ability to control the exercise of 30 per cent. or more of the votes which may be cast on a poll at general meetings of Reuters Holdings. In such circumstances, the Founders Share Company has the right, at any general meeting of Reuters Holdings, to cast sufficient votes to pass any resolution supported by, and defeat any resolution opposed by, the Founders Share Company.

Secondly, any two Reuter Trustees may require the votes attaching to the Founders Share to be cast against any resolution which would alter any of the Articles of Association of Reuters Holdings relating to the Reuter Trust Principles and the rights of the Founders Share. In such circumstances, the Founders Share confers upon the Founders Share Company the right to cast sufficient votes to defeat that resolution.

### A Shares

A Shares are owned by PA (41.87 per cent.), AAP (13.89 per cent.), NZPA (2.77 per cent.) and the NPA members (41.87 per cent.) and ownership is restricted to PA, AAP, NZPA and members of NPA Nominees. Members of NPA Nominees are subject to the restrictions on ownership of 15 per cent. or more of any class of share contained in the Articles of Association of Reuters Holdings.

A Shares have the same rights to dividends and other distributions (including on a winding-up) as B Shares, but may only be held by the A Shareholders, and in normal circumstances confer the right on a poll to vote per share at general meetings. The Articles of Association of Reuters Holdings and the Deed of Mutual Covenant provide that all A Shares must be voted by a proxy as one bloc at general meetings of Reuters Holdings, in accordance with the decisions of shareholders holding a majority in number of the A Shares. The NPA members have agreed that all A Shares owned by them are to be voted as a bloc in accordance with the decision of a majority in number of the A Shares owned by them.

The A Shareholders have agreed in the Deed of Mutual Covenant to exercise the voting rights attaching to the A Shares held by them so as to ensure that eight Directors of Reuters Holdings are elected pursuant to nomination by, or removed at the request of, A Shareholders according to the number of A Shares held by them.

The Deed of Mutual Covenant also provides that, at any time after 14th May, 1987, A Shares may be converted into Convertible A Shares on a one for one basis with the agreement of A Shareholders holding not less than 75 per cent. of the Non Convertible A Shares, unless the effect of such conversion would be to reduce the total number of A Shares in issue to 20 per cent. or less of the total issued share capital of Reuters Holdings immediately following this Offer for Sale, the U.S. Offering and the Special Employee Offer. Conversion of A Shares into Convertible A Shares may also be effected on a one for one basis with the consent of all holders of Non Convertible A Shares. Convertible A Shares may be converted into B Shares on a one for one basis at the option of the holder at any time.

The A Shares will initially comprise approximately 25 per cent. of the issued share capital of Reuters Holdings following this Offer for Sale, the U.S. Offering and the Special Employee Offer, and, in normal circumstances, will confer approximately 58 per cent. of the total number of votes which may be cast on a poll at general meetings of Reuters Holdings.

### B Shares

B Shares have the same rights to dividends and other distributions (including on a winding-up) as A Shares, but confer the right on a poll to one vote per share at general meetings. Holders of B Shares, however, have the exclusive right to vote on the election and removal of the three B Share Directors of Reuters Holdings.

The Articles of Association of Reuters Holdings impose restrictions upon the ownership by any one person or group of more than 15 per cent. of the B Shares, save "statutory and general information" - Articles of Association of the Company.

The B Shares will initially comprise approximately 75 per cent. of the issued share capital of Reuters Holdings following this Offer for Sale, the U.S. Offering and the Special Employee Offer, and, in normal circumstances, will confer approximately 42 per cent. of the total number of votes which may be cast on a poll at general meetings of Reuters Holdings.

The following table sets out the information known to Reuters Holdings with respect to companies owning directly or through subsidiaries more than 2.5 per cent. of the B Shares prior to this Offer for Sale.

Company	%
Fleet Holdings P.L.C.	10.6
Associated Newspapers Holdings p.l.c.	10.5
News International p.l.c.	9.5
Reed International P.L.C.	9.0
AAP	8.6
Swallow Investments Ltd. (an affiliate of Warburgs)	6.4
The Guardian and Manchester Evening News p.l.c.	5.3
The Daily Telegraph Limited	5.0
International Thomson Organisation PLC	4.8
S. Pearson & Son p.l.c.	4.4
United Newspapers p.l.c.	2.8

### Taxation

#### Taxation of dividends

When paying a dividend on its Shares, Reuters will be liable to remit to the Inland Revenue an amount of advance corporation tax ("ACT") at a rate which is related to the basic rate of income tax currently set at 37% of the dividend paid. The ACT related to a dividend currently equals 30 per cent. of the sum of the cash dividend plus the ACT (the "Gross Dividend").

For shareholders resident in the U.K., the ACT paid is available as a tax credit, which individual shareholders who are so resident may set off against their total income tax liability or, in appropriate cases, reclaim in cash.

Whether holders of B Shares who are resident in countries other than the U.K. are entitled to a refund from the Inland Revenue of a proportion of the tax credit in respect of dividends on such shares depends in general upon the provisions of any double tax convention or agreement which exists between such countries and the U.K. Conventions or agreements that contain dividend provisions which confer on residents of those countries rights to at least part of the tax credit currently available to an individual who is resident in the U.K., presently exist between the U.K. and, among other countries, Australia, Austria, Canada, Denmark, Finland, France, Ireland, Japan, Luxembourg, the Netherlands, Norway, Spain, Sweden and Switzerland.

### The A Shareholders

The following are brief summaries of the principal activities and shareholding structures of each of the A Shareholders:

#### PA

The principal activity of PA is the provision of news and news photographs to the provincial and national press and broadcast companies in the U.K. and the Republic of Ireland.

The voting shares in PA are owned by provincial newspapers (or their affiliates) in the U.K. and the Republic of Ireland and confer one vote per share, subject to certain restrictions. As a result of the corporate reorganisation, Reuters Holdings owns certain non-voting shares in PA which have only a minimal economic value.

The Directors of PA decide the manner in which PA elects to exercise the voting rights attaching to its A Shares at general meetings of Reuters Holdings. PA is a party to the Deed of Mutual Covenant and its Directors will accordingly be obliged to make such election in accordance with its provisions.

#### NPA Nominees

NPA Nominees is a company which holds A Shares on behalf of its members. These, or their affiliates, are the publishers of national daily newspapers and national Sunday newspapers and a London evening newspaper.

The shares in NPA Nominees may be held only by companies (or their affiliates) which publish a national daily or Sunday newspaper or which publish a daily or Sunday newspaper in London. The shares confer upon each holder a right to one vote, except that, on a poll on a resolution to admit a new member of NPA Nominees or to alter the Articles of Association of NPA Nominees, each holder has one vote for each A Share held on its behalf.

The NPA members have agreed, pursuant to the Deed of Mutual Covenant, to determine by majority vote the manner in which NPA Nominees elects to exercise the voting rights attaching to the A Shares held by it at general meetings of Reuters Holdings. Under the Deed of Mutual Covenant, no NPA member may, however, exercise voting rights in respect of more than 25 per cent. of the A Shares held by NPA Nominees whilst there are at least four members of NPA Nominees.

#### AAP

Following a reorganisation in 1983 the sole activity of AAP is the ownership of its shares in Reuters Holdings. The members of AAP must comprise the same companies as are members of AAP Services, whose principal activity is the acquisition and dissemination in Australia and elsewhere of news and information of public, commercial and general usefulness and interest.

There is only a single class of share in each of AAP and AAP Services. Members of AAP and AAP Services must be members of a group of companies which includes a publisher of a daily newspaper circulated in certain major cities in Australia. Such groups must always hold shares in the same proportion in both companies.

The Directors of AAP who are appointed directly by the members of AAP on a basis related to each member's shareholding decide the manner in which AAP elects to cast the voting rights attaching to its A and B Shares at general meetings of Reuters Holdings. AAP and AAP Services are parties to the Deed of Mutual Covenant and AAP's Directors will accordingly be obliged to make such election in respect of AAP's A Shares in accordance with its provisions.

#### NZPA

NZPA is in the course of a reorganisation which, it is expected, will result in the acquisition by NZPA Services of the business of NZPA. This business consists of the acquisition and dissemination in New Zealand and elsewhere of news and information of public, commercial and general usefulness and interest. The precise basis of shareholding in the reconstructed company has yet to be determined, but the six largest newspaper publishing groups in New Zealand will (either directly or through wholly owned subsidiaries) control at least 80 per cent. of the voting power in NZPA and NZPA Services after the reorganisation.

NZPA will retain all its A Shares. The B Shares which NZPA will hold following this Offer for Sale and the U.S. Offering may be transferred to members of NZPA in proportion to their shareholdings in NZPA following its reorganisation.

NZPA and NZPA Services are parties to the Deed of Mutual Covenant and NZPA's Directors will accordingly be obliged to elect to cast the voting rights attaching to NZPA's A Shares at general meetings of Reuters Holdings in accordance with its provisions.

### Interests in the A Shareholders

The following table sets out the voting interests in PA, NPA Nominees and AAP known to Reuters Holdings with respect to companies owning directly or through subsidiaries more than five per cent. of the voting interests in PA, NPA Nominees or AAP.

Voting interest in A Shareholder

	PA	NPA Nominees	AAP
	%	%	%
Fleet Holdings P.L.C.	3.1	21.1	—
Associated Newspapers Holdings p.l.c. (1)	13.4	11.4	—
The News Corporation Limited (2)	0.2	22.7	12.0
Reed International P.L.C.	5.5	14.0	—
The Guardian and Manchester Evening News p.l.c.	1.0	9.7	—
The Daily Telegraph Limited	1.0	11.4	—
International Thomson Organisation PLC	11.8	—	—
S. Pearson & Son p.l.c.	10.6	1.8	—
United Newspapers p.l.c.	7.7	—	—
The Herald and Weekly Times Limited group	—	—	42.8
John Fairfax Limited group	—	—	42.8

(1) Associated Newspapers Holdings p.l.c. holds the interest in PA direct. Its wholly owned subsidiary Associated Newspapers Group p.l.c. ("ANG") owns the 11.4 per cent. voting interest in NPA Nominees. ANG also owns 50 per cent. of Evening Standard Company Limited, which has a 4.9 per cent. voting interest in NPA Nominees.

(2) News International p.l.c. is a subsidiary of The News Corporation Limited, which owns 22 per cent. of the share capital of Independent Newspapers Limited, one of the six largest newspaper publishing groups in New Zealand.

### The Founders Share Company

The Founders Share Company is a company limited by guarantee consisting of 14 Reuter Trustees who constitute both its members and its Directors. Four of the Reuter Trustees are nominated by PA, four are nominated by NPA Nominees at the direction of NPA, one is nominated by AAP Services and one is nominated by NZPA Services. The remaining four Reuter Trustees (the "Reuter D Trustees") have been nominated by the other Reuter Trustees jointly, but are entitled collectively to nominate their own successors subject to the prior approval of the other Reuter Trustees, which approval may not be unreasonably withheld or delayed.

### Reuter Trustees

The Reuter Trustees assumed office on 9th May, 1984. However, all Reuter Trustees other than the Reuter D Trustees had served in a similar capacity under the Reuter Trust Agreement.

Mr. Brewster, 64, is the London partner of the United States law firm of Winthrop, Stimson, Putnam & Roberts. He became counsel to that firm in New York in 1981 upon leaving the post of United States Ambassador to the United Kingdom. Prior to his appointment as Ambassador, he was President of Yale University from 1964 to 1977. Between 1950 and 1960, he was Professor of Law at Harvard Law School. He is a Reuter D Trustee.

Mr. Clarke, 60, has been Chairman and Managing Director of the Courier Press (Holdings) Limited group of companies since 1956. He was a Director of PA from 1970 to 1980 and served as Chairman from 1974 to 1975. He was a Director of Reuters Limited from 1974 to 1978. He is a past president of the Newspaper Society and of the British Printing Industries Federation. He was appointed a trustee under the Reuter Trust Agreement in 1982 and is now a Reuter Trustee nominated by PA.

Mr. Cole, 55, was appointed a Joint Deputy Managing Director of International Thomson Organisation PLC in 1980, having been an executive in various group companies since 1966. He was a Director of PA from 1972 to 1982 and served two terms as Chairman from 1976 to 1978. He was a Director of Reuters Limited from 1976 to 1981. He was a member of the Press Council from 1976 to 1980, has been a member of the Council of the Newspaper Society since 1974 and was President in 1982. He was appointed a trustee under the Reuter Trust Agreement in 1983 and is now a Reuter Trustee nominated by PA.

Mr. Freeman, 69, was Chairman of London Weekend Television from 1971 to 1984. He had previously been British Ambassador in Washington from 1969 to 1971 and British High Commissioner in India from 1965 to 1968. From 1951 to 1965, he worked for the New Statesman and was Editor for the last five years. He was a Labour Member of Parliament from 1945 to 1955. He is a Reuter D Trustee.

Lord Horwell, 73, has been the Chairman and Editor-in-Chief of The Daily Telegraph since 1956 and of the Sunday Telegraph since its formation in 1961. Both newspapers are owned by The Daily Telegraph Limited. He was Managing Editor of the Financial Times from 1937 to 1959. He was a Director of Reuters Limited from 1960 to 1963. He was appointed a trustee under the Reuter Trust Agreement in 1963 and is now a Reuter Trustee nominated by NPA Nominees.

Mr. Linnick, 63, is Deputy Chairman and Chief Executive of United Newspapers p.l.c. and has been a Director since 1969. He is Chairman of York-shire Post Newspapers Limited and a Director of Yorkshire Television Limited and Trident Television plc. He was a Director of PA from 1967 to 1974 and served as Chairman from 1970 to 1971. He was a Director of Reuters Limited from 1970 to 1974. He has been a member of the Council of the Newspaper Society since 1966 and was President from 1978 to 1979. He was appointed a trustee under the Reuter Trust Agreement in 1974 and is now a Reuter Trustee nominated by PA.

Sir Keith Macpherson, 63, has been Chairman of The Herald and Weekly Times Limited since 1977, having been Chief Executive since 1975. He was President of the Australian Newspaper Council from 1968 to 1970. From 1969 to 1970 he was Chairman of the Media Council of Australia. He is the Reuter Trustee nominated by AAP Services.

Lord McGregor of Durris, 63, has been Professor of Social Institutions in the University of London since 1964 and Chairman of the Advertising Standards Authority since 1980. He was a Fellow of Wolfson College and a Director of the Centre for Social-Legal Studies at the University of Oxford from 1972 to 1975. He has served on a number of official committees including the Countryside Commission from 1968 to 1980, the Legal Aid Advisory Committee from 1962 to 1976 and, as Chairman of the Royal Commission on the Press from 1974 to 1977. He is a Reuter D Trustee.

Lord Matthews, 64, has been Chairman of Fleet Holdings P.L.C. since its formation in 1982 as the parent company of the demerged publishing activities of Traillagar House Public Limited Company and has been Chairman of Express Newspapers p.l.c. since 1977. He is Chairman of Evening Standard Company Limited. He was Chief Executive of Traillagar House until 1983 and is the Deputy Chairman of that company. He was appointed a trustee under the Reuter Trust Agreement in 1980 and is now a Reuter Trustee nominated by NPA Nominees.

Mr. Morgan SS, has been the Director of the Press Council since 1980, having worked for it in various capacities since 1977. From 1970 to 1977, he was General Secretary of the National Union of Journalists, which he served in an official capacity from 1962. From 1970 to 1978 he was a Counsellor on the Bureau of the International Federation of Journalists. He is a Reuter D Trustee.

Viscount Rothermere, 58, joined Associated Newspapers in 1951 and has been Chairman of Associated Newspapers Holdings p.l.c. since 1983 and of its wholly owned subsidiary Associated Newspapers Group p.l.c. since 1971. Viscount Rothermere holds shares in Associated Newspapers Holdings p.l.c. and also holds a substantial interest in Daily Mail and General Trust PLC of which he is Chairman. Daily Mail and General Trust PLC owns 49.95 per cent. of Associated Newspapers Holdings p.l.c. Viscount Rothermere was a Director of Reuters Limited from 1969 to 1979. He was appointed a trustee under the Reuter Trust Agreement in 1979 and is now a Reuter Trustee nominated by NPA Nominees.

Mr. Smith, 63, has been Chairman and Managing Director of United Publishing and Printing Company of Rotorua since 1973. He is President of the Newspapers Publishers Association of New Zealand and has been a Director of NZPA since 1973. He is the Reuter Trustee nominated by NZPA Services.

Mr. Thornton, 54, became Chairman of Mirror Group Newspapers Limited earlier this year. From 1980 to 1983 he was a Director of Abbey National Building Society, having been appointed Chief General Manager in 1979 and having been Chief Solicitor since 1967. He is a Reuter Trustee nominated by NPA Nominees.

Mr. Wallwork, 65, has been a Director of Daily Mail and General Trust PLC since 1982, having been Managing Director of Northcliffe Newspapers Group Limited, a wholly owned subsidiary of Associated Newspapers Holdings p.l.c., from 1972 to 1982. He was a Director of PA from 1969 to 1978 and served as Chairman from 1973 to 1974. He was a Director of Reuters Limited from 1973 to 1976. He has been a member of the Council of the Newspaper Society since 1967 and was President from 1977 to 1978. He was appointed a trustee under the Reuter Trust Agreement in 1978 and is now a Reuter Trustee nominated by PA.

### Share capital of Reuters Limited

The share capital of Reuters Limited consists of Ordinary Shares and Preference Shares (all of which are owned by Reuters Holdings) and E Shares and E Preference Shares (approximately 68 per cent. of which are owned by Reuters Holdings). Reuters Holdings owns approximately 97 per cent. of the issued share capital of Reuters Limited. The Executive Directors and certain executives of Reuters own E Shares and E Preference Shares in Reuters Limited, which do not confer any voting rights. The E Preference Shares held by the Executive Directors and executives are partly paid.

The dividend rights of the E Shares in Reuters Limited are related to the dividends paid on the B Shares in Reuters Holdings. The Executive Directors and executives holding E Shares and E Preference Shares have the right to require Reuters Limited to fund the Reuters Limited Employee Share Scheme Trust (the "Employee Trust") in funds to purchase such shares at their market value. See "Statutory and general information—E Shares and Directors and other interests".

depend on the laws of such foreign jurisdictions and the terms of any relevant double tax convention or agreement.

#### Stamp duty

To the extent applicable, the Selling Shareholders will pay any stamp duty arising from the sale of the B Shares offered by this Offer for Sale. Subsequent transfers of B Shares will be subject to a one per cent. stamp duty which will be calculated on the purchase price or market value of the B Shares if the transfer is by way of gift (or other non-arm's length method) the stamp duty will be calculated on the market value of the shares transferred.

### Properties

Reuters owns five freehold properties, the most significant of which are its technical centre at Hauppauge, Long Island, New York, which at 31st December, 1983 had a net book value of £2,854,000, and residential properties in Singapore and France then valued at £254,000 and £250,000 respectively. Reuters has a large number of leasehold premises throughout the world none of which has a value which is significant in relation to its assets as a whole.

### Fixed assets

Depreciation is calculated to write down the assets to their residual values in equal instalments on the following bases:

Freehold land	Not depreciated
Freehold buildings	Over the expected useful life which is normally 50 years
Leasehold property	Over the term of lease
Communications equipment, printing and office equipment	Over the expected operational life which in most cases is five years
Motor vehicles	Over four or five years

### Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is calculated on a first in first out basis by reference to the invoiced value of supplies and the attributable costs of bringing stocks to their present location and condition. Net realisable value is the estimated market value less selling costs.

### Short-term investments

Profits and losses on financial futures contracts are reported as part of the operating profit for the year in which the contracts are sold or mature. Interest on certificates of deposit is calculated at the yield at which the certificate was purchased and is reported as part of the operating profit over the life of the certificate. Certificates of deposit are stated in the balance sheet at the lower of cost plus accrued interest or market value.

Income received from short dated U.K. Government securities together with the change in their market value during the year is reported as part of the operating profit. They are stated in the balance sheet at the lower of cost plus accrued capital appreciation or market value.

### Finance leases

Income from finance leases reported as part of the operating profit is calculated on the investment method. The net investment in the leases is stated in the balance sheet at the total minimum lease payments receivable less finance charges allocated to future periods.

### Research and development

Research and development expenditure is charged against the operating profit in the year in which it is incurred.

### Taxation

Provision is made at the appropriate rates for deferred taxation arising from the excess of capital allowances over depreciation charged and other timing differences where it is considered that the potential liability will crystallise in the foreseeable future.

## Accountants' report

re-registration as a public company. With this exception there have been no audited accounts of Reuters Holdings PLC or any of its subsidiaries since 31st December, 1983.

The financial information set out below does not comprise full accounts within the meaning of the Companies Act 1981. Full accounts of Reuters for the year ended 31st December, 1983 will be delivered to the Registrar of Companies following the annual general meeting on 8th June, 1984.

### Accounting policies

The principal accounting policies, which have been consistently applied in preparing the financial information in this report, are as follows:

#### Accounting basis

The consolidated financial statements have been prepared under the historical cost convention with the exception that certain tangible fixed assets are stated at an appraised valuation.

#### Basia of consolidation

The consolidated financial statements of Reuters include—

- The financial statements of Reuters Limited and its subsidiaries, which are made up to 31st December.
- Reuters share of the results and capital and reserves (under the equity method) of its related companies, which are those companies not being subsidiaries in which Reuters Limited holds 20 per cent. or more of the voting equity share capital. The financial statements of the related companies are made up to 31st December each year with the exception of Visnews Limited where the financial statements are made up to 31st March and the subsequent results to 31st December have been taken from unaudited management accounts.

#### Revenue

Revenue comprises the total amount of subscriptions net of discounts to news and financial services applicable to the year.

#### Foreign currency translation

Sterling is considered to be Reuters' functional currency on a world-wide basis. Fixed assets are translated into sterling at the rates ruling on the date of acquisition. Current assets and liabilities denominated in a foreign currency are translated into sterling at the foreign exchange rates ruling at the balance sheet date.

Revenue and expenses in foreign currencies are recorded in sterling at the rates ruling at the dates of the transactions. All gains and losses arising on translation are reported as part of the operating profit for the year.

Profits and losses on forward exchange contracts are intended to hedge a portion of Reuters' contractual net cash flow commitment for the subsequent year and, accordingly, are reported as part of the operating profit for the year in which the contracts mature.

The following is a copy of a report to the Directors of Reuters Holdings PLC, S. G. Warburg & Co. Ltd. and N. M. Rothschild & Sons Limited made by Binder Hamlyn, Chartered Accountants, the auditors and reporting accountants:

The Directors,  
Reuters Holdings PLC,  
and  
S. G. Warburg & Co. Ltd. and  
N. M. Rothschild & Sons Limited,  
Gentlemen,

Reuters Holdings PLC was established to acquire the issued share capital of Reuters Limited as part of a corporate reorganisation. The effects of the reorganisation are reflected in the proforma information set out in note 1 below.

The financial information presented below in respect of Reuters Limited and its subsidiaries ("Reuters") except where stated is based on the audited financial statements prepared in accordance with accounting principles generally accepted in the U.K. after making such adjustments as we consider appropriate. The only adjustment to the consolidated financial statements of Reuters is that caused by the taxation changes set out in note 5 below.

We have examined the financial information set out below in accordance with generally accepted auditing standards in the U.K. We have been auditors of Reuters throughout the period and none of our reports has contained any audit qualifications. The information presented consists of Reuters consolidated income statements, consolidated source and use of funds statements and consolidated statement of shareholders' equity for each of the years ended 31st December, 1979 to 1983 and consolidated balance sheets at 31st December, 1982 and 1983, and the balance sheet of Reuters Holdings PLC at 8th April, 1984 set out in note 23 below.

In our opinion the financial information shown below, which has been prepared under the historical cost convention with the exception that certain tangible fixed assets are stated at an appraised valuation, gives a true and fair view of the state of affairs of Reuters at 31st December, 1982 and 1983 and of its income and source and use of funds for each of the years ended 31st December, 1979 to 1983 and of the state of affairs of Reuters Holdings PLC at 8th April, 1984.

The Directors have decided that it is not possible for Reuters to net current replacement cost accounts as they consider that the principles relating to net current replacement costs contained in Statement of Standard Accounting Practice No. 16 cannot be applied realistically to the business of Reuters. In arriving at this decision they have considered the difficulty in ascertaining, with any degree of accuracy, the current replacement cost of computer equipment used in the business given the rapid rate of technological development and price reductions for equipment of comparable capability experienced in recent periods. We concur with their decision.

The audited balance sheet at 8th April, 1984 was prepared for the company which has become Reuters Holdings PLC pursuant to Section 5 of the Companies Act 1980 for

Reuters Limited and subsidiaries

Consolidated income statements

Table with columns for Year ended 31st December (1979-1983) and rows for Revenue, Production and communications costs, Selling and marketing expenses, Administrative expenses, Operating profit before interest, etc.

Consolidated balance sheets

Table with columns for 31st December (1982, 1983) and rows for Assets (Fixed assets, Current assets), Liabilities and shareholders' equity (Current liabilities, Shareholders' equity), Total assets, Total liabilities and shareholders' equity.

Consolidated source and use of funds statements

Table with columns for Year ended 31st December (1979-1983) and rows for Source of funds (Profit before taxes, Taxes on profit, Net income, etc.), Use of funds (Purchase of fixed assets, Investment in finance leases, etc.), Changes in working capital increase/decrease.

Notes to the consolidated financial statements

Consolidated statement of shareholders' equity

Table with columns for Total share capital, Share premium, Revaluation reserve, Retained earnings, Total, and rows for Balance 31st December 1978, 1979, 1980, 1982, 1983.

Reuters Limited and Subsidiaries - proforma summarised consolidated balance sheet

Table with columns for 31st December, 1983 and rows for Assets (Total assets), Liabilities and shareholders' equity (Current liabilities and deferred taxes, Shareholders' equity), Total assets, Total liabilities and shareholders' equity.

Proforma earnings and dividends per share. Earnings and dividends (net of the related tax credit) per share have been calculated on a proforma basis by dividing net income after tax (on an actual basis) and dividends of Reuters by the weighted average number of issued ordinary shares in Reuters Holdings PLC which would have been issued in each year assuming that all issued Reuters Limited capital stock had been converted into ordinary shares and after giving effect to the reorganisation during 1984 but prior to the public flotation. The effect of issues of E Shares 10 per cent. paid are reflected in the year in which they were made.

Year ended 31st December

Table with columns for 1979, 1980, 1981, 1982, 1983 and rows for Proforma earnings per share, Proforma dividends per share, Proforma weighted average number of shares in issue (millions).

In accordance with Statement of Standard Accounting Practice No. 3, no details of fully diluted earnings per share have been given because they would exceed the historic earnings per share on the proforma basis shown above.

2. Business and geographical information

Reuters primary business is the collection and distribution of news and other information. Reuters operations are organized for marketing and management purposes into four geographical areas: Reuters Europe ("RE"), Reuters Asia, Australia and New Zealand ("RA"), Reuters North America ("RNA"), and Reuters Overseas ("RO"), covering Africa, Israel and Latin America. Revenue in such areas was as follows -

Table with columns for Year ended 31st December (1979-1983) and rows for RE, RA, RNA, RO.

Costs and related assets. The table of Costs incurred set out below reflects all costs arising within a geographical area regardless of the extent to which they are attributable to revenue earned in that or other areas and should not be used as a means of evaluating geographical profitability. Similarly the table of Assets reflects only their location regardless of the extent to which they relate to the operations of that or other areas.

Certain costs and assets relate closely to the operations of the area in which they are incurred or located. These have been classified as specific costs and assets in the tables below and relate to subscriber equipment, sales administration and selling activities.

A substantial proportion of Reuters costs and assets relates to its reporting and communications network which is used to gather news and financial information from all over the world. The raw data is then collated and edited for use in Reuters information services which are distributed to subscribers throughout the world over the same communications network. Information contributed in one area may therefore be received by subscribers in other areas and so generate income within those areas. The costs of operating this network, and the assets which are used in its operation, are therefore for the common benefit of Reuters as a whole, and due to the interactive nature of Reuters services it is not possible to allocate them on any meaningful basis. These common costs and assets relate to all other costs and assets which cannot be specifically identified with the operations of a single area, including central data centres operations and maintenance, international and national communications lines, reporting and editorial services, research and development, and corporate administration.

Table with columns for Year ended 31st December (1981-1983) and rows for RE, RA, RNA, RO.

Corporate head office assets. Assets consist principally of short-term investments and finance lease receivables.

Table with columns for Year ended 31st December (1981-1983) and rows for Corporate head office, Reuters total.

\*The allocation between specific and common costs for 1981 is unaudited.

Assets

Table with columns for 31st December (1981-1983) and rows for RE, RA, RNA, RO.

3. Operating profit before interest

The following items were reflected in operating profit before interest -

Table with columns for Year ended 31st December (1979-1983) and rows for Directors' remuneration, Auditors' remuneration, Research and development expenditure, Equipment rental, Depreciation of fixed assets, Gross profit on sale of equipment, Foreign currency translation net gain/loss, Forward exchange contract net gain/loss.

Gross profit on sale of equipment relates to equipment for use in Reuters information retrieval services which was sold at a profit to leasing companies which then entered into leases with Reuters subscribers. Sales of equipment to unrelated leasing companies ceased during 1982.

Gains and losses on foreign currency transactions involving the receipt and expenditure of foreign currencies are reflected in operating profit and are included in the accounts to which they relate. However, if not practicable to quantify such amounts.

4. Net interest income/(expense)

Table with columns for Year ended 31st December (1979-1983) and rows for Interest income, Interest expense.

Interest income includes £347,000 in 1983 relating to direct finance leases entered into by Phantinus Leasing Limited, a subsidiary. This has been treated as interest income since leasing is used as a means of investing surplus funds outside the business.

5. Taxes on profit

Table with columns for Year ended 31st December (1979-1983) and rows for U.K. corporation tax, Credit for overseas taxation, Overseas taxation, Related companies.

Substantial changes to the basis of corporation tax in the U.K. were proposed by the Chancellor of the Exchequer in the 13th March, 1984 U.K. Budget which are now included in the Finance (No. 2) Bill presently proceeding through Parliament, in particular the reduction of tax rates and of allowances on capital expenditure. These proposals have been taken into account when arriving at the tax charges set out above.

The application of Reuters accounting policies has resulted in full provision being made for deferred taxation. The effective rate of tax implicit in the tax charges above is, however, substantially less than the U.K. nominal corporation tax rate as the provision for deferred tax has been calculated using the liability method. This reflects the application of the lower 35 per cent. tax rates proposed in the U.K. Budget to the years in which the liabilities are expected to crystallise.

Prior to 1981 tax relief given in respect of increases in closing stocks over opening stocks was provided as deferred tax. Following a change in the law during 1981, this became a permanent relief and so deferred taxes previously provided were eliminated.

Reconciliation to the U.K. nominal tax rates

Table with columns for Year ended 31st December (1979-1983) and rows for U.K. nominal tax rate, Taxes as shown in these financial statements, Corporation tax on pre-tax income at U.K. nominal tax rate, Difference.

Explained by

Table with columns for Year ended 31st December (1979-1983) and rows for U.K. deferred tax provided at lower effective rate, Taxable intra-group profit, U.K. stock relief, Restriction of overseas tax relief, Other.

Statement of Standard Accounting Practice No. 15 requires provision to be made for deferred tax except to the extent that it can be demonstrated with reasonable probability that there will be no reversal of timing differences. Following the major changes to the structure of capital allowances available on eligible capital expenditure proposed in the U.K. Budget, Reuters could not continue to demonstrate that no such reversal would occur in the foreseeable future. These proposals provide for the 100 per cent. first year allowance at present available to be phased out in stages over the next three years, leaving only a 25 per cent. writing down allowance on the reducing balance from 1st April, 1986.

Prior to these changes no provision was made for deferred tax. An extraordinary charge was therefore made in the 1983 audited accounts relating to prior periods which, for the purposes of these financial statements, has been spread over the years to which such charge relates as shown by the table below.

Reconciliation to previously published results

Table with columns for Year ended 31st December (1979-1983) and rows for Taxes shown in these financial statements, Taxes as shown in previously published U.K. results, Difference.

The deferred tax charge relating to years prior to 1979 amounted to £4,969,000 and has been adjusted against opening reserves for the purposes of these financial statements.

6. Dividends

Table with columns for Year ended 31st December (1979-1983) and rows for Interim paid, Final proposed.

7. Fixed assets

Table with columns for Year ended 31st December (1979-1983) and rows for Freehold land and buildings, Leasehold property, Motor vehicles, Total.

Cost or valuation. 31st December, 1981: 567, 2,895, 61,787, 636, 1,708, 67,593. Additions: 2,091, 581, 38,022, 1,921, 1,346, 44,631. Disposals: (87), (78), (11), (679), (1,268).

31st December, 1982: 2,658, 3,476, 100,231, 2,216, 2,375, 110,956. Additions/reclassifications: 549, (1,565), 33,282, 2,472, 1,584, 38,302. Surplus on revaluation: 852. Disposals: (315), (149), (956), (1,120).

31st December, 1983: 4,058, 1,991, 133,198, 4,539, 3,303, 148,990. Additions/reclassifications: 549, (1,565), 33,282, 2,472, 1,584, 38,302. Surplus on revaluation: 852. Disposals: (315), (149), (956), (1,120).

Net book amount. 31st December, 1982: 2,648, 2,873, 58,209, 1,735, 1,810, 65,275. 31st December, 1983: 3,957, 1,289, 72,408, 3,525, 2,531, 83,691.

During 1983 Reuters carried out a review of its assets classification and as a result certain items previously shown as leasehold improvements are now included as communications equipment.

The charge for depreciation in 1982 included a provision for accelerated depreciation of £5,566,000 in respect of communications equipment. During 1983 alternative uses were found for some of this equipment resulting in a reduction of approximately £1,200,000 in this provision which has been reflected in the depreciation charge for 1983.

The £4,059,000 cost or valuation of freehold land and buildings at 31st December, 1983 includes £1,104,000 of freehold residential property at an open market valuation (see note 16).

For details of capital commitments see note 19.

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Statutory and general information

(iv) The Founders Shares
On any resolution in general meeting which would vary or abrogate the rights attached to the Founders Shares...

(v) If a Director becomes aware of any facts which might lead to the Directors and/or the Founders Share Company...

(vi) If a Director becomes aware of any facts which might lead to the Directors and/or the Founders Share Company...

(vii) If a Director becomes aware of any facts which might lead to the Directors and/or the Founders Share Company...

(viii) If a Director becomes aware of any facts which might lead to the Directors and/or the Founders Share Company...

(ix) If a Director becomes aware of any facts which might lead to the Directors and/or the Founders Share Company...

(x) If a Director becomes aware of any facts which might lead to the Directors and/or the Founders Share Company...

(xi) If a Director becomes aware of any facts which might lead to the Directors and/or the Founders Share Company...

(xii) If a Director becomes aware of any facts which might lead to the Directors and/or the Founders Share Company...

(xiii) If a Director becomes aware of any facts which might lead to the Directors and/or the Founders Share Company...

(xiv) If a Director becomes aware of any facts which might lead to the Directors and/or the Founders Share Company...

(xv) If a Director becomes aware of any facts which might lead to the Directors and/or the Founders Share Company...

(xvi) If a Director becomes aware of any facts which might lead to the Directors and/or the Founders Share Company...

(xvii) If a Director becomes aware of any facts which might lead to the Directors and/or the Founders Share Company...

(xviii) If a Director becomes aware of any facts which might lead to the Directors and/or the Founders Share Company...

(xix) If a Director becomes aware of any facts which might lead to the Directors and/or the Founders Share Company...

(xx) If a Director becomes aware of any facts which might lead to the Directors and/or the Founders Share Company...

(xxi) If a Director becomes aware of any facts which might lead to the Directors and/or the Founders Share Company...

(xxii) If a Director becomes aware of any facts which might lead to the Directors and/or the Founders Share Company...

(xxiii) If a Director becomes aware of any facts which might lead to the Directors and/or the Founders Share Company...

(xxiv) If a Director becomes aware of any facts which might lead to the Directors and/or the Founders Share Company...

D. Deed of Mutual Covenant

The Deed of Mutual Covenant contains provisions, inter alia, to the following effect:

(i) Reuter Trust Principles
Each of the Shareholders, AAP Services and NZPA Services collectively the "Associators"...

(ii) Appointment of Reuter Trustees
Each of the Newspaper Associations agrees to nominate persons to be Reuter Trustees...

(iii) Remuneration of Reuter Trustees
The Reuter Trustees are not entitled to any remuneration, but are entitled to be paid all travelling and other reasonable expenses...

(iv) Exercise of the Founders Shares rights
A Reuter Trustee shall summon a meeting of the Reuter Trustees if he believes that a person who has acquired any shares...

(v) NPA Shareholders' Agreement
The parties to the NPA Shareholders' Agreement are: Times Newspapers Limited, The Daily Telegraph Limited...

(vi) Articles of Association of Reuters Limited
The Articles of Association of Reuters Limited contain provisions, inter alia, to the following effect:

(i) Share capital
The share capital of Reuters Limited is £500,000 divided into 350,000 Ordinary Shares...

(ii) Dividends
Each Preference Share and each E-Preference Share confers upon the holder the right to receive...

(iii) Pre-emption rights
Transfers of E Shares and F Preference Shares to persons other than the Employee Trust of the Company...

(iv) Restrictions on sales of B Shares
On 28th May, 1984, an Agreement ("the Agreement") was entered into by certain shareholders...

(v) Conversion rights of A Shares
At any time after 1st May, 1987, A Shares may be converted into Convertible A Shares on a one-for-one basis...

(vi) Covenants by NPA members
Additional covenants are given by NPA members to guarantee that NPA Nominates complies with its obligations...

(vii) Variation and termination
The Deed of Mutual Covenant may be terminated at any time with the written consent of each of the Shareholders...

(viii) Company limited by guarantee
The Founders Share Company is a company limited by guarantee not having a share capital...

(ix) Objects
The objects for which the Founders Share Company is established are, inter alia:
(a) to subscribe for and hold the Founders Shares...

(x) Borrowing powers
The Directors shall restrict the borrowings of the Group so that the aggregate amount for the time being remaining outstanding...

(xi) Powers and duties of Directors
The Directors shall, in the performance of their functions, have due regard to the Reuter Trust Principles...

(xii) Reuter News Services
PA, NPA, AAP Services and NZPA Services are entitled to receive the Reuter News Service for the use of their members...

The aggregate amounts of the Directors of Reuters Limited who held office during the year ended 31st December, 1983 amounted to £383,000...

Some contracts for the sale or disposal of shares in the Company or any subsidiary of the Company and/or Director which is not terminable within one year without payment of compensation...

Other interests
The interests (within the meaning of Part IV of the Companies Act 1981) which the Directors believe will represent five per cent. or more of the nominal value of any class of share...

Table with 3 columns: A Shares, B Shares, Total. Rows include PA, AAP, John Fairfax Limited, The Herald and Weekly Times Limited Group, News International plc, Fleet Holdings P.L.C., Associated Newspapers Holdings plc, P.L.C.

Save as aforesaid the Directors are not aware of any shareholdings which follow the Offer for Sale, the U.S. Offering and the Special Employee Trust...

J. Certain transactions with Reuters
Under the Articles of Association of the Company, PA, AAP Services and NZPA Services are entitled to receive the Reuter News Service...

(i) Reuters Limited also has agreements with PA, AAP and NZPA (under which) in consideration of certain arm's length fees...

(ii) Reuters Limited also has agreements with PA, AAP and NZPA (under which) in consideration of certain arm's length fees...

(iii) Reuters Limited also has agreements with PA, AAP and NZPA (under which) in consideration of certain arm's length fees...

(iv) Reuters Limited also has agreements with PA, AAP and NZPA (under which) in consideration of certain arm's length fees...

(v) Reuters Limited also has agreements with PA, AAP and NZPA (under which) in consideration of certain arm's length fees...

(vi) Reuters Limited also has agreements with PA, AAP and NZPA (under which) in consideration of certain arm's length fees...

(vii) Reuters Limited also has agreements with PA, AAP and NZPA (under which) in consideration of certain arm's length fees...

(viii) Reuters Limited also has agreements with PA, AAP and NZPA (under which) in consideration of certain arm's length fees...

(ix) Reuters Limited also has agreements with PA, AAP and NZPA (under which) in consideration of certain arm's length fees...

(x) Reuters Limited also has agreements with PA, AAP and NZPA (under which) in consideration of certain arm's length fees...

(xi) Reuters Limited also has agreements with PA, AAP and NZPA (under which) in consideration of certain arm's length fees...

(xii) Reuters Limited also has agreements with PA, AAP and NZPA (under which) in consideration of certain arm's length fees...

(xiii) Reuters Limited also has agreements with PA, AAP and NZPA (under which) in consideration of certain arm's length fees...

Statutory and general information

K. Offer for Sale Agreement

By an agreement dated 15th May, 1984 (the "Offer for Sale Agreement") between the Company, (2-4) the holders of B Shares of the Company whose names are shown below (the "Selling Shareholders"), and (5) the Issuing Houses, conditional, inter alia, upon the B Shares of the Company being admitted to the Official List by the Council of the Stock Exchange not later than 1st June, 1984—

(1) the Issuing Houses have agreed to subscribe 29,000,000 B Shares ("the Subscribed B Shares") and to purchase from the Selling Shareholders a minimum of 28,000,000 B Shares; and a maximum of 7,000,000 B Shares, although these numbers may be reduced to the extent that any of such B Shares are, with the consent of the Company, included in the proposed U.S. Offering;

(2) the subscription and purchase price payable by the Issuing Houses to the Company and the Selling Shareholders shall be calculated by deducting from the Striking Price or, if the proceeds received from this Offer for Sale are insufficient to pay the same, from the proceeds of the U.S. Offering, the due proportion of a sum equal to the aggregate of £2,658,500 (out of which the Issuing Houses will pay an underwriting commission of two per cent, on the Minimum Tender Price in respect of 57,000,000 ordinary written B Shares and a fee to the Brokers in this Offer for Sale), an amount equivalent to the commission payable to banks, brokers and others referred to in "Procedure for application", an amount equal to one per cent, on the Striking Price on any B Shares sold under this Offer for Sale and an amount equal to the reasonable expenses of the Issuing Houses and the fees and expenses of the Receiving Bankers;

(3) the liability to the Issuing Houses under indentures given by the Company and Selling Shareholders shall, with the exception of the 1,000,000 B Shares held by affiliates of Warburg and related to herein, be in proportion to the number of Subscribed B Shares and purchased B Shares sold under this Offer for Sale, but the Company has agreed to indemnify the Selling Shareholders in respect of any such liability to the Issuing Houses exceeding the proceeds of sale received by the Selling Shareholders;

(4) insurance premiums totalling up to £225,000 and £980,000 payable in respect of insurance covering the Issuing Houses, U.S. Underwriters, the Selling Shareholders and the Company are payable as to 95 per cent, by the Selling Shareholders and as to the per cent, by the Company.

The Selling Shareholders listed beneath their parent company, where appropriate, and the maximum number of B Shares agreed to be sold by them to the Issuing Houses and/or the U.S. Underwriters, are as follows—

Selling Shareholder	Maximum number of B Shares
Associated Newspapers Holdings PLC	8,934,238
Associated Newspapers Group PLC	1,500,036
BPM Holdings PLC	488,810
The Burton Daily Mail Limited	811,640
British United Press Limited	150,003
Century Newspapers Limited	150,003
Courier Press (Holdings) Limited	181,623
Walling Publication	311,827
Cardinal Newspapers Group Limited	4,000,000
The Daily Telegraph Group	1,623,280
Eastern Counties Newspapers Group Limited	1,623,280
East Anglian Daily Times Co. Limited	1,623,280
Fleet Holdings PLC	
Express Newspapers PLC	891,330
Scottish Express Newspapers Limited	811,640
South Wales Argus Limited	811,640
Farmen Herald Holdings Limited	650,013
The Guardian and Manchester Evening News plc	3,040,542
The Halifax Courier Limited	609,625
Hert. (Kid & Remie) Limited	405,820
Home Counties Newspapers plc	650,013
Independent Newspapers Limited	600,014
Interlink, All Thorton Organisation PLC	
Thomson Regional Newspapers Limited	12,445,142
The Irish News Limited	202,910
Hughes Press Limited	378,765
The Irish Times Limited	202,910
Joseph Woodhead & Sons Limited	500,012
N. L. Jordan	568,250
Kent Messenger Newspapers Limited	481,631
Liverpool Daily Post & Echo plc	1,058,132
Lorholc plc	
The Observer Limited	174,754
George Outram & Co. Limited	182,618
Mercury Securities plc	
Swallow Investments Ltd (note)	15,796,378
Warburg Works Ltd (note)	999,398
The Midlands News Association Limited	
Shropshire Star Limited	161,823
Express & Star Limited	161,823
M. E. Nelson	679,500
North Wales Newspapers Ltd	690,014
Or Pollock & Co. Limited	201,623
S. Pearson & Son plc	
The Financial Times Limited	602,827
Westminster Press Limited	3,245,558
Portsmouth & Sunderland Newspapers plc	2,000,048

Selling Shareholder	Maximum number of B Shares
Reed International PLC	
Marcor Group Newspapers Limited	6,235,807
Bertrams West Midlands Limited	324,336
Essex County Newspapers Limited	243,252
Northern Counties Newspapers Limited	243,252
M.C.C. Renewal	513,400
Scarborough Newspapers Limited	275,000
Thomas, Croxall & Co. (Holdings) Limited	446,402
United Newspapers plc	
Blackpool Gazette & Herald Limited	811,640
The Northampton Mercury Co. Limited	781,348
Sheffield Newspapers Limited	1,623,280
United Newspapers Publications Limited	811,640
Yorkshire Post Newspapers Limited	1,623,280
Yaffenden Investment Trust Limited	2,300,056

Note: These holdings resulted from the following transactions—

(1) the subscription by Warburton Holdings Ltd ("Warburton") and Swallow Investments Ltd ("Swallow") of 500,000 B Shares (being the shares issued at joint price to the Council of the Stock Exchange as a public limited company, increased to 1,000,000 B Shares by the capitalisation issue which took place on 28th May, 1984;

(2) the purchase by Swallow from AAP of £3,560 'C' Stock in Reuters Limited prior to the reorganisation as a result of which Swallow now holds 13,439,000 B Shares; and

(3) the purchase by Swallow from HSPA of £625 'C' Stock in Reuters Limited prior to the reorganisation as a result of which Swallow now holds 2,350,378 B Shares.

Under the Offer for Sale Agreement, provided that the Offer for Sale and/or the U.S. Offering shall take place, the Company will effectively receive by way of additional premium on the B Shares sold under this Offer for Sale, an amount equal to the difference between the amount paid by Warburton and Swallow for those shares and the amount which would have been paid for them by the Issuing Houses had they been subscribed under the Offer for Sale Agreement.

L. Share Option Schemes

(i) Share option scheme for U.K. employees

On 2nd May, 1984, the Company adopted a "save as you earn" share option scheme (the "SAVE Scheme") pursuant to which non-transferable options to acquire B Shares may be granted on or before the date 10 years after the date on which the B Shares are admitted to the Official List of the Stock Exchange (the "Saving Date") to employees of the Group, including Executive Directors of the Company, who are subject to United Kingdom income tax (and any other employees who are permitted to participate in accordance with the relevant statutory provisions in the discretion of the Directors) and whose employees on the 31st December immediately preceding the date of grant of the options to a maximum of 10,000 shares may be issued under the SAVE Scheme and all other share schemes of the Company (including the schemes for U.S. employees and for non-U.K. and non-U.S. employees described in paragraphs (ii) and (iii) respectively) is the lesser of 35,000,000 B Shares or 10 per cent of options based on the Company's share capital at the time, or the lesser of the number of shares of the Company in general meeting otherwise approved. The number of shares subject to options for which applications may be made under the SAVE Scheme is subject to the discretion of the Directors. However, all persons who apply for options will be granted the number of options for which applications are made (subject to certain adjustments in the event applications exceed the number of options available and provided that the minimum and maximum savings limits set out in the SAVE Scheme are not exceeded). It is intended that the initial invitation to apply for options will be made within 42 days after the Saving Date.

The exercise price of an option will be not less than 90 per cent. of the middle market price of the Shares quoted on the Stock Exchange during the first dealing day immediately preceding the date of grant (subject to adjustment in certain circumstances). The holder of the option is required to enter into a five year SAVE contract with a building society designated by the Company pursuant to which the holder agrees to save a certain sum (initially not in excess of £100 per month) towards the purchase of the Shares. The maximum number of B Shares that may be issued under the SAVE Scheme and all other share schemes of the Company, including Executive Directors of the Company, who are subject to United Kingdom income tax (and any other employees who are permitted to participate in accordance with the relevant statutory provisions in the discretion of the Directors) and whose employees on the 31st December immediately preceding the date of grant of the options to a maximum of 10,000 shares may be issued under the SAVE Scheme and all other share schemes of the Company (including the schemes for U.S. employees and for non-U.K. and non-U.S. employees described in paragraphs (ii) and (iii) respectively) is the lesser of 35,000,000 B Shares or 10 per cent of options based on the Company's share capital at the time, or the lesser of the number of shares of the Company in general meeting otherwise approved. The number of shares subject to options for which applications may be made under the SAVE Scheme is subject to the discretion of the Directors. However, all persons who apply for options will be granted the number of options for which applications are made (subject to certain adjustments in the event applications exceed the number of options available and provided that the minimum and maximum savings limits set out in the SAVE Scheme are not exceeded). It is intended that the initial invitation to apply for options will be made within 42 days after the Saving Date.

(ii) Share option scheme for U.S. employees

On 2nd May, 1984, the Company adopted an incentive share option plan (the "Incentive Plan") pursuant to which non-transferable options to acquire B Shares or B Shares represented by ADSs, may be granted up to 1st May, 1984 to employees of the Group who are either U.S. citizens or, subject to certain exceptions, paid in the U.S. and who were employees on the 31st December immediately preceding the date of grant. The maximum number of B Shares or 10 per cent of options based on the Company's share capital at the time, or the lesser of 14,000,000 B Shares (or equivalent in ADSs) or 10 per cent of the issued B Shares. It is intended that the initial invitation to apply for options will be made within 72 days after the Saving Date.

The exercise price of an option will be not less than the fair market value of the B Shares on the date the option is granted. The holder of the option is required to contribute to a separate savings account (a "savings account") under the pension or profit sharing plan in which the holder is a participant sums not in excess of the U.S. dollar equivalent of the maximum amount that may be contributed under the SAVE Scheme which is projected as to the date of grant of the option to accumulate with interest over a five year period to a sum (the "Projected Accumulation") equal to 90 per cent. of the aggregate amount required to exercise in full the option granted. Subject to certain exceptions, an option granted pursuant to the Incentive Plan must be exercised within six months after the expiration of the fifth anniversary of the date of grant. The option holder may use part or all of the Projected Accumulation in the savings account in exercising the option. In addition, the Company or one of its subsidiaries will give each option holder at the time of the exercise of an option a cash bonus which, after deduction of U.S. tax, will be equal to 10 per cent. of the exercise price of the option.

(iii) Share option scheme for non-U.K. and non-U.S. employees

On 2nd May, 1984, the Company adopted a Save As You Earn Share Option Scheme pursuant to which non-transferable options to acquire B Shares may be granted on or before 10 years after the Saving Date to employees of the Group who are not eligible to participate in the SAVE Scheme or the Incentive Plan. Subject as aforesaid, this Scheme is substantially in the same terms as the SAVE Scheme, except that the savings vehicle is to be an appropriate financial or savings institution in any country (other than the U.K. or the U.S.) designated by the Company and in which Group employees are employed, and that the savings permitted will be of an equivalent amount in the relevant currency to those permitted under the SAVE Scheme.

(iv) Share option scheme for senior executives

It is also intended to introduce a share option scheme for senior executives of Reuters. The approval of shareholders will be sought for such scheme.

M. ADR Facility

(i) ADRs

Arrangements are being made for the registration with the U.S. Securities and Exchange Commission of ADSs, and with Morgan Guaranty Trust Company of New York (the "Depository") for the issue of ADSs. The intention is that each ADS will represent one B Share. The arrangements relating to the issue of ADSs will come into effect when the registration statement filed with the U.S. Securities and Exchange Commission becomes effective, which is expected to be on or about 4th June, 1984.

(ii) Deposit and withdrawal of B Shares

The procedure for the issue of ADSs will involve the deposit of B Shares with the Depository's principal London office, 30 West Broadway, New York, New York, 10015, ADRs for the number of ADSs relating to the deposited B Shares. On surrender of ADSs, holders of ADSs will be entitled to delivery of B Shares represented by the surrendered ADSs.

(iii) Voting

Upon receipt of notice of any meeting of the Company which holders of B Shares are entitled to attend, the Depository will issue and deliver to the holders of ADSs, all the documents of business on a date specified by the Depository, such holders of ADSs will be entitled, subject to the Articles of Association of the Company, to instruct the Depository how to exercise any voting rights. The Depository will endeavour to vote in accordance with non-discretionary written instructions. The Depository will not exercise any voting rights unless it has received such instructions so to do.

(iv) Ownership restrictions

The Depository is empowered to and has agreed to use reasonable efforts to cooperate with the Company in enforcing the restrictions on ownership of B Shares contained in the Articles of Association, for which purpose the Depository and the Company may treat ADSs as if they were B Shares which they represent.

(v) Amendment and termination

The ADSs and the arrangements with the Depository (the "Deposit Agreement") may be amended by agreement between the Company and the Depository, and each holder of ADSs will be bound by any such amendment. The Deposit Agreement may be terminated if the Depository resigns without a successor, or may be terminated by the Company. Following termination the Depository will only collect dividends, and sell rights on rights issues, and will deliver deposited B Shares and related dividends and rights issue proceeds in exchange for surrendered ADSs.

(vi) Charges of Depository

The Depository will charge an applicant £5.00 for each 100 ADSs (or fractions thereof) represented by the ADSs issued or surrendered. The Company will pay certain other charges of the Depository and those of any registrar or co-registrar under the Deposit Agreement.

N. Contracts

The following contracts entered into by the Company or a subsidiary within the two years immediately preceding the date of this Offer for Sale, otherwise than in the ordinary course of business, are or may be material—

(1) Offer for Sale Agreement. See K, Offer for Sale Agreement;

(2) The Deed of Mutual Covenant. See O, Deed of Mutual Covenant;

(3) Agreement dated 2nd May, 1984 between the Company and the members of PA named in the schedule thereto relating to the acquisition by the Company of all the Second Preference Shares and B Shares of PA. See A, Share Capital;

(4) Deed of indemnity dated 2nd May, 1984 between the Company and PA whereby, notwithstanding that both parties are members of the same group for the purposes of corporation law on chargeable gains and development land tax, each party shall bear its own and its subsidiaries' liabilities and indemnities in the event of a claim against either party arising from the indemnity;

(5) Agreement dated 2nd May, 1984 between the Company and NPA members, AAP, KCPA, Swallow Investments Ltd, the Executive Directors, the trustees of the Employee Trust and NPA nominees relating to the acquisition by the Company of all the voting shares of Reuters Limited not already owned by the Company.

(6) Maintenance contract dated 1st September, 1981 (as amended) by an exchange of letters dated 4th May, 1984) between Reuters Limited and Cable & Wireless (Hong Kong) Limited relating to the maintenance of Reuters Hong Kong data centre for a consideration which varies according to the amount of services provided, and

(7) the agreement referred to in paragraph (a) of J, Certain transactions with Reuters.

O. General

(1) Clearances have been obtained under section 464 of the Income and Corporation Taxes Act 1970 and under section 88 of the Capital Gains Tax Act 1979 in relation to this Offer for Sale, the U.S. Offering, the Special Employee Offer and the transactions by which the Company acquired Shares in Reuters Limited and PA.

(2) The Directors are satisfied that, taking account of the net proceeds of the issue of the shares being subscribed for the purposes of this Offer for Sale and of the U.S. Offering, the Group will have sufficient working capital for its present requirements.

(3) S. G. Warburg & Co. Ltd. is registered in England (No. 2926898) and its registered office is at 30 Green Street, London EC2P 2B. N. M. Rothschild & Sons Limited is registered in England (No. 0925279) and its registered office is at New Court, 11, Southwark Lane, London EC4P 4DU.

(4) Neither the Company nor any of its subsidiaries has, so far as the Directors are aware, any liability or claims of material importance pending or threatened against it.

(5) The expenses of this Offer for Sale, including capital duty of £240,000, calculated on the basis of the Minimum Tender Price and assuming all the B Shares issued by the Company are sold in the Offer for Sale but including professional fees, printing and advertising costs and the Stock Exchange listing fee, are estimated to amount to £2,400,000 and are payable by the Company. The expenses of the U.S. Offering, including professional fees, printing and other costs are estimated to amount to £2,300,000 and are payable by the Company. The ordinary expenses of the Company arising out of the reorganisation (including sundry professional, advisory and other expenses) incurred by PA, NPA and certain members of NPA and attributable to the reorganisation amounting to £470,000, are estimated to amount to £1,400,000 and are payable by the Company.

(6) The minimum amount which must be raised by the issue of the B Shares now being offered in this Offer for Sale and the U.S. Offering in relation to the matters specified in paragraph (a) of Part 1 of the Fourth Schedule to the Companies Act 1948 is £1,400,000, required for the payment of the ordinary expenses of the Company arising out of the reorganisation.

(7) The amount payable on application on each B Share is the amount tendered per share by the relevant applicant, being not less than the Minimum Tender Price.

(8) The documents attached to the copies of this Offer for Sale delivered to the Receiving Bankers for transmission to the subscribers are the Application Forms, the written consents referred to in paragraph (a), the statement by Banker Hamlyn setting out the adjustments made in arriving at the figures contained in our report (set out hereunder) and giving the reasons therefor, and copies of the contracts listed in N, Contracts.

(9) Applications for the B Shares now offered for sale must be received by 5 p.m. on Friday, 1st June, 1984, except that applications despatched by post and received not later than 10 a.m. on Saturday, 2nd June, 1984 will be treated as valid.

(10) A Certificate of Exemption from stamp duty is being granted by the Council of the Stock Exchange pursuant to section 39 of the Companies Act 1948.

(11) Certain of the financial information contained in this Offer for Sale constitutes: (a) accounts as defined in section 116(1) of the Companies Act 1967. These accounts have been prepared from the full accounts of the Company's subsidiaries for each of the two financial years to 31st December, 1983 which were prepared under section 1 of the Companies Act 1975, which have, as mentioned in the Accounts' report, been approved and signed by the directors of the Company and by the auditor; and (b) certain other information which is contained in the accounts of the Company for the financial years ended 31st December, 1983 and 1982 and 31st December, 1983.

(12) The Accounts' report and the statement of adjustments relating thereto;

(13) the written consents referred to in paragraph (a) of O, General;

(14) a copy of the Preliminary Prospectus filed with the U.S. Securities and Exchange Commission in connection with the U.S. Offering;

(15) the Rules of the SAVE Scheme, a copy of the Savings Plans, and the Incentive Plan and the Rules of the Share Option Scheme for non-U.K. and non-U.S. employees;

(16) the contracts listed in N, Contracts;

(17) the letters relating to the profit forecast; and

(18) the Deposit Agreement and the agreement proposed to be entered into between, inter alia, the Company and the U.S. Underwriters relating to the U.S. Offering.

Dated 15th May, 1984.

P. Documents available for inspection

The following documents, or copies thereof, may be inspected at the offices of Linklaters & Paines, Barrington House, 58-57 Gresham Street, London EC2V 7JA, during usual business hours on any weekday between 10 a.m. and 5 p.m., or by post, until 1st June, 1984 or until the Application List closes, whichever is the later—

(1) The Memoranda and Articles of Association of the Company, Reuters Limited and the Reuters Share Company;

(2) The NPA Shareholders' Agreement;

(3) the audited consolidated accounts of Reuters Limited for the years ended 31st December, 1982 and 31st December, 1983;

(4) the Accounts' report and the statement of adjustments relating thereto;

(5) the written consents referred to in paragraph (a) of O, General;

(6) a copy of the Preliminary Prospectus filed with the U.S. Securities and Exchange Commission in connection with the U.S. Offering;

(7) the Rules of the SAVE Scheme, a copy of the Savings Plans, and the Incentive Plan and the Rules of the Share Option Scheme for non-U.K. and non-U.S. employees;

(8) the contracts listed in N, Contracts;

(9) the letters relating to the profit forecast; and

(10) the Deposit Agreement and the agreement proposed to be entered into between, inter alia, the Company and the U.S. Underwriters relating to the U.S. Offering.

Dated 15th May, 1984.

Procedure for application

No person receiving a copy of this Offer for Sale and/or an Application Form in any territory other than the United Kingdom may treat the same as constituting an invitation to him, nor should he in any event use such Application Form, unless in the relevant territory such an invitation could lawfully be made to him or such Form could lawfully be used without compliance with any registration or other legal requirements. It is the responsibility of any person outside the United Kingdom wishing to make an application hereunder to satisfy himself as to full observance of the laws of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities necessary to be observed in such territory. No applications will be accepted from U.S. persons. "U.S. person" means any individual who is a national of or resident in the United States, its territories or possessions or any corporation, pension, profit-sharing or other trust or other entity organised under or governed by the laws of the United States, its territories or possessions or any political subdivision thereof and shall include any United States branch of a non-U.S. person.

Applications (other than those on special forms provided for qualifying employees and pensioners of Reuters Limited and its subsidiaries) must be for a minimum of 100 shares; applications for up to 1,000 shares must be in multiples of 100 shares; over 1,000 shares and up to 5,000 shares in multiples of 500 shares; over 5,000 and up to 10,000 in multiples of 1,000 shares; over 10,000 and up to 100,000 in multiples of 5,000 shares; and above 100,000 shares in multiples of 10,000 shares. No application for any other multiples of shares will be considered.

Applications must be made at the Minimum Tender Price or at any higher price per share which is a whole multiple of 2p.

Applications may, however, be made at the Striking Price if the amount tendered is not less than £300 and must be a multiple of £100. Applications (other than those at the Striking Price) lodged without a price being stated will be deemed to have been made at the Minimum Tender Price.

Applications, which will be irrevocable until 11th June, 1984, must be made on the Application Forms provided. Photocopies will not be accepted.

Instructions for delivery and payment

The Application Form must either be sent by post or lodged by hand together with the appropriate payment as follows—

BY POST—

Applications should be posted so as to be received not later than 10 a.m. on Saturday, 2nd June, 1984 at either of the addresses as follows—

either  
Bank of Scotland, New Issues Department, P.O. Box 267,  
38 Threadneedle Street, London, EC2P 2EH;

or  
Barclays Bank PLC, New Issues Department, P.O. Box 123,  
Fleetway House, 25 Farringdon Street, London, EC4A 4HD.

OR BY HAND—

Applications should be lodged by hand so as to be received not later than 5 p.m. on Friday, 1st June, 1984 as follows—

In London: either  
Bank of Scotland, New Issues Department, P.O. Box 267,  
38 Threadneedle Street, London, EC2P 2EH;

or  
Barclays Bank PLC, New Issues Department, P.O. Box 123,  
Fleetway House, 25 Farringdon Street, London, EC4A 4HD.

In Edinburgh:  
Bank of Scotland, Registrar Department, 26a York Place,  
Edinburgh, EH1 3EY.

Each application must be accompanied by a separate cheque or banker's draft, drawn in sterling on a branch in England, Scotland, Wales, Northern Ireland, the Channel Islands or the Isle of Man of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided for the members of those Clearing Houses (and must bear the appropriate sorting code number in the top right hand corner) made payable to "Reuters Offer for Sale" and crossed "Not negotiable", representing payment in full at the price at which applications are made. An application will not be considered unless these conditions have been fulfilled.

The Issuing Houses reserve the right to instruct the Receiving Bankers to present all cheques and banker's drafts for payment on receipt and the clearance of the Application Form and surplus application monies pending the clearance of the successful applicants' cheques. Due completion and sending of an Application Form accompanied by a cheque will constitute a warranty that the cheque will be honoured on first presentation; attention is drawn to the declaration in the Application Form to that effect.

Basis of acceptance

Subject as aforesaid and as mentioned below, applications will be accepted on the following basis—

1. All shares for which applications are wholly or partly accepted will be sold at the same price (the "Striking Price"), which will be not less than the Minimum Tender Price. The Striking Price will not necessarily be the highest price at which sufficient applications (including applications at higher prices) are received to cover the total number of shares allocated to this Offer for Sale. In deciding the Striking Price and the basis of allocation the Issuing Houses will have regard, inter alia, to the reservation of sufficient shares for any U.S. Offering and, as nearly as practicable, the same price as the Striking Price and the need to establish a reasonable market in the shares in the United Kingdom.

2. The Issuing Houses reserve the right to refuse any application, in whole or part, regardless of the application price, multiple or suspected multiple applications are liable to be rejected. Applications for shares at prices less than the Striking Price will not be accepted.

than the Striking Price will not be accepted.

3. The Striking Price and the basis of allocation will be announced on or as soon as possible after 4th June, 1984.

4. Preferential consideration will be given to applications received from qualifying employees and pensioners of Reuters Limited and its subsidiaries for up to a total of 3,000,000 shares made on the special pink application forms made available to the Company. The maximum number of shares of money to be expended (up to a maximum of £4,800) at the Striking Price rather than the number of shares applied for. In addition, such applications may specify the maximum price at which the applicants are prepared to apply for shares.

5. Up to one third of the shares sold under this Offer for Sale may be allocated on a preferential basis to selected applicants for large numbers of shares at the Striking Price, at the discretion of the Issuing Houses.

General

Acceptance of applications will be conditional upon the B Shares of the Company issued and now being issued or offered being admitted to the Official List of the Stock Exchange not later than 1st June, 1984. Money paid in respect of applications which are not accepted will be returned to the applicant and/or if granted by that date and, in the meantime, will be retained by the Receiving Bankers in a separate account.

If any application is not accepted, the amount paid on application will be returned in full and, if any application is accepted for fewer shares than applied for and/or if the applicants have tendered more than the Striking Price and/or if applicants tendering at the Striking Price have not been allocated shares which absorb the money tendered in full, the balance of the amount paid on application will be returned, in each case by cheque through the post without interest. It is expected that Letters of Acceptance will be posted to successful applicants not later than Friday, 8th June, 1984.

Letters of Acceptance will be renounceable up to 3 p.m. on Tuesday, 17th July, 1984. The B Shares now being offered for sale will be registered in the name of the applicant and (registration being in the names of the purchasers or persons in whose favour Letters of Acceptance have been granted) in the name of the applicant and/or of renouncees. Letters of Acceptance completed in accordance with the instructions contained therein are lodged for registration on or before 3 p.m. on Thursday, 19th July, 1984. Share Certificates will be despatched not later than Thursday, 19th August, 1984.

Application will be made to the Council of the Stock Exchange to authorise dealings in the Letters of Acceptance and dealings are expected to commence shortly after the basis of allocation is announced.

Dealing prior to receipt of a Letter of Acceptance will be at the applicant's risk. A person so dealing must recognise the risk that an application may not have been accepted to the extent anticipated or at all.

The Issuing Houses will pay to recognised stockbrokers and banks in the United Kingdom and to other financial institutions outside the United Kingdom accepted for this purpose by the Issuing Houses a commission of 2 per cent. of the Striking Price on acceptances in respect of applications (other than applications on special forms provided for use by employees and pensioners) bearing their stamp. However, no payment will be made to anyone who would receive a total commission of less than £10. All documents and cheques sent by post will be sent at the risk of persons entitled to them.

If making an application (other than a Striking Price Application) insert the number of B Shares for which application is made in box (1), the price per B Share tendered in box (2) and the amount tendered in box (3). If making a Striking Price Application insert the words "Striking Price" in box (3) and the amount tendered in box (2).

Copies of this Prospectus with Application Forms, on which alone applications may be made, may be obtained from—

S.G. Warburg & Co. Ltd. N. M. Rothschild & Sons Limited Cazenove & Co. Hoare Govett  
30 Green Street, London EC2P 2B 15 Abchurch Lane, London EC4A 3DF 12 Old Broad Street, London EC2A 3JF 100 Broad Street, London EC2A 4DP

Bank of Scotland 3rd Floor 55 Old Broad Street, London EC2A 2PL

Barclays Bank PLC 3rd Floor Fleetway House, 25 Farringdon Street, London EC4A 4HD

and at the following branches of Bank of Scotland—

Aberdeen: 53 Castle Street, Aberdeen AB9 8AJ	Dumfries: 11-19 Royal Street, Dumfries DD1 8AU	Edinburgh: Register Department, 26a York Place, Edinburgh EH1 3EY	Glasgow: 110 St. Vincent Street, Glasgow G2 5EJ
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and at the following branches of Barclays Bank PLC—

Stock Exchange: 63 Cornhill, London EC3A 3BQ	Birmingham: 53 Cornhill, Birmingham B3 2BY	Bristol: P.O. Box 37, 45 Cornhill, Bristol BS1 2JY	Cardiff: P.O. Box 69, 121 Queen Street, Cardiff CF1 1SG
8 Angel Court, Troynon Street, London EC2R 7HT	Leeds: 37 Park Row, Leeds LS1 1HS	Manchester: P.O. Box No. 21, 17 York Street, Manchester M40 2AU	Newcastle-upon-Tyne: P.O. Box No. 12, 17 York Street, Newcastle-upon-Tyne NE2 1EA
			Southampton: P.O. Box 2, 301 High Street, Southampton SO9 7AB

**Application Form**

**Reuters Holdings PLC**  
(Registered in England number 1796065)

**Offer for Sale by Tender**  
by  
**S. G. Warburg & Co. Ltd. and N. M. Rothschild & Sons Limited**  
of 57,000,000 B Ordinary (Limited Voting) Shares of 10p each at a Minimum Tender Price of 180p per share, the price tendered being payable in full on application

(1) Applications (other than Striking Price Applications) must be for a minimum of 100 B Shares and thereafter for the following multiples of B Shares—

over 100 shares and up to 1,000 shares;	100 shares;
over 1,000 shares and up to 5,000 shares;	500 shares;
over 5,000 shares and up to 10,000 shares;	1,000 shares;
over 10,000 shares and up to 100,000 shares;	5,000 shares;
over 100,000 shares;	10,000 shares;

(2) Striking Price Applications must be for a minimum of £300 and a multiple of £100 with a maximum of £1,000.

(3) EITHER the tender price (being 180p or a higher price being a whole multiple of 2p) OR the words "Striking Price" (if the application is for not more than £1,000 aggregate amount).

(1) Number of B Shares for which application is made	(2) Amount enclosed	P	For office use only
(3) Price per B Share at which application is made			

To S. G. WARBURG & CO. LTD. and N. M. ROTHSCHILD & SONS LIMITED

I/We enclose a sterling cheque or banker's draft payable to "Reuters Offer for Sale" for the above mentioned sum being the amount payable in full on application for the stated number of B Ordinary (Limited Voting) Shares of 10p each (the "B Shares") of Reuters Holdings PLC (the "Company") at the price per B Share indicated above. The said cheque may be the sum payable on the application and I/We agree to get the same or any other sum in respect of which the said cheque is not cashed, or to pay the balance of the said cheque to the Company as a fully paid renounceable Letter of Acceptance in respect of such B Shares, together with a cheque for any monies refundable by deed of indemnity to the last address above and procure that my/our names be placed on the register of members of the Company as holder/s of such of the B Shares allocated to me/us as I/We wish to have not been duly renounced.

In consideration of my agreement to accept and procure application upon the terms and subject to the conditions of the said Offer for Sale, I/We agree that this application shall be irrevocable until 11th June, 1984 and that the paragraph shall constitute a collateral contract between me/us and you which shall become binding upon despatch by post





**UK COMPANIES**

**Current year starts well at Brewmaker but margins suffer**

THE FIRST three months of the current year at Brewmaker had started well with turnover considerably up on the corresponding period, said Mr Colin Sanders, the chairman, at the annual meeting.

However, he pointed out that the company was experiencing increasing pressure on profit margins, which was to be expected in view of the considerable increase in competition that the company now had to face.

He added: "It must be appreciated that our business is seasonal, and the majority of our profit is earned in the last few months of the year, although current indications are favourable and I am confident 1984 will be a satisfactory year."

He went on to say: "A recent independent market research report made late last year on homebrew beer kits in our markets shows that the Brewmaker brand is now second equal in the league table to the brand leader.

"We intend to build on this success and will shortly have finalised details for our first nationwide TV campaign, to be screened in the summer this year, using most ITV regions and also Channel 4.

"Four new Brewmaker beer kits will be introduced this year, bringing the range to 17 varieties, the most extensive in the UK," he added.

Another area in which the company was making significant progress, he said, was the home fizzy drinks market. He pointed out that market was estimated to be worth over £20m at retail, and growing strongly. At the moment an estimated 50 per cent was dominated by one manufacturer, Mr Sanders said.

He said that: "We now have a top quality machine which, together with the range of concentrates we manufacture, enables us to offer, for the first time what we believe to be the most comprehensive home soft drinks system available, at very competitive prices."

At the National Provident Institution annual meeting, Mr Sanders said that the company had secured a new contract for the supply of 250,000 ordinary shares of £1.50 each, with a premium income of £72m, a rise of nearly £20m.

There was a doubling of sales of low cost mortgage plans

**Mersey Docks chairman concerned about stoppages**

Sir John Page, the chairman of Mersey Docks and Harbour Company has expressed concern at the damaging effects of industrial action on the fragile economy of the Port of Liverpool.

The company recorded a trading profit of £5.9m in 1983, the first for seven years. This compared with an £8.9m loss in the previous year.

In his annual report, Sir John, who will be retiring from the post, says: "I am concerned at recent one-day strikes on matters completely unrelated to the company's business and also a recent three-week strike by part of our workforce for unacceptable demands to which we could not accede."

"Our recovery is still fragile. We are now just viable and must build on what we have achieved so that we can have a more secure future, and a more efficient economic and reliable service."

The port dockers staged two one-day strikes in March, one in protest at cuts in the National Health Service, the other in support of the TUC's day of action.

Also the dock company's 250 maintenance engineers stopped work for three weeks in protest at the introduction of private contractors.

**BIDS AND DEALS**

**Harris Queensway agreed offer for Bakers Stores**

Harris Queensway, the retail group which was recently thwarted by Woodworth's in a bid for the Comet Group, yesterday announced an agreed £7.5m bid for Bakers Household Stores.

Bakers, a north of England retailer of non-food goods with 26 shops, will complement Poundstretcher, a Leeds-based retailer with 40 outlets in which Harris Queensway has a 76 per cent stake, Harris said.

Mr Barry Baker and Mr Ian Baker, chairman and director respectively, have agreed to Harris's offer with respect to holdings of 40 per cent of Bakers. Harris is offering one of its shares plus £11.50 in cash, or £16.50 in cash, for every 10 Bakers shares. Bakers shareholders may also opt to take unsecured loan notes of Harris Queensway. Yesterday, Harris's shares fell 4p to 386p and Bakers rose 31p to 153p.

In the year ending October 1, 1983, Bakers had pre-tax profits of £237,741 against £752,677 in the previous year.

New shares of Harris to be issued to Bakers shareholders will not rank for the final dividend of 4.75p per share declared for the year to December 24, 1983 nor for the recently proposed one-for-one scrip issue by Harris. But Harris said if the scrip issue is made, the entitlement of Harris shareholders will be adjusted accordingly.

**BIDS AND DEALS IN BRIEF**

Lady Joseph has been appointed a trustee of the Maxwell Joseph First Charitable Trust. As a consequence she has acquired a non-beneficial interest in 1,162,494 ordinary (1.36 per cent) in Norfolk Capital, of which she is the chairman.

S. G. Warburg and Co., as an associate of Mercantile House Holdings PLC, has sold on behalf of a discretionary investment client 600 ordinary 25p shares of Mercantile House Holdings at 360p each.

Incheape and M. M. Worms & Co. have agreed a rearrangement of their shareholdings in Bain Dawes and Bishopgate Insurance whereby Incheape, which presently owns 80 per cent of Bain Dawes, will acquire the remaining 20 per cent from Worms.

Worms will acquire a 70 per cent interest in Bishopgate from Incheape, to bring their total to 82.1 per cent. The remaining 17.9 per cent of Bishopgate will continue to be held by Bain Dawes. The value of each of these transactions is approximately £3.5m.

Saxon Oil has acquired from Moray Petroleum Holdings and Developments all the UK exploration and production licence interests awarded to Moray since 1979. The deal provides for Saxon to acquire all the issued share capital of a subsidiary of Moray in exchange for issue of 374,776 Saxon ordinary shares. The estimated minimum cost of the UK commitments to Saxon is £1.5m. Saxon has also assumed the operation of eight onshore licences.

Saxon is awaiting consent from the French Government for the assignment of an interest in a permit operated by Euromin in the Fairs basin. The French permit is the subject of a separate arrangement, to be completed by issue to Moray of a further 20,000 shares.

Anglo Nordic Holdings has reached agreement with Clarke St. Modwen Properties under which the Burton-on-Trent manufacturing facilities of its brewing plant division S. Briggs will be replaced with a retail development. Assuming planning consent is obtained, Briggs should receive £2.15m for the site and Anglo Nordic's net tangible assets should increase by approximately £880,000 after allowing for costs.

The agreement provides for the operation of Clarke and Gillgrove Properties, an Anglo Nordic subsidiary, to enable Gillgrove to acquire the Briggs site and to enter into a development agreement. The directors are optimistic that planning consent will be obtained.

Charterhouse Japhet has announced that acceptances of the offer on behalf of Woolworth Holdings to acquire the share capital of Comet Group have been received in respect of 63,058,127 existing Comet shares (77.99 per cent). Acceptances of the offer amount to 76,138,127 Comet shares (92.98 per cent). Accordingly the offer has become unconditional.

A. E. Electronic Products Group has reached agreement with the purchase of Page Engineering (Holdings), located at Sunbury-on-Thames, for £7.25m.

The purchase will be satisfied by payment of £2m in cash on completion and the issue of unsecured loan notes with a value of £5,250,000 repayable within the next five years.

Page produces a wide range of electronic systems for the defence and aerospace industries. The directors of AB Electronic believe that this acquisition will complement the group's existing activities and meet their criteria for a planned expansion into those industries.

For the year to November 30 1983 Page earned profits of £225,000 on sales of £4,906,000.

In respect of the offer from British Printing and Communication Corporation for the ordinary capital of Bishopgate Trust, subscribers writing of the cash alternative for up to 21m shares in BPC has been completed.

**MINING NEWS**

**Amcoal now facing a fall in coal export earnings**

AGAINST the international background of oversupply and low prices for coal, the performance of South Africa's Anglo American Coal Corporation (Amcoal) for the second half of the year to March 31 can be considered satisfactory.

After being 10.5 per cent down at R94.1m (£20m) at the half-way stage, net profits of Amcoal for the full year come out at R109.2m, equal to 44.8 cents per share, compared with R113.4m in the previous 12 months.

A maintained final dividend of 96 cents leaves the total for the year unchanged at 145 cents.

Amcoal makes no comment about prospects on this occasion—that may come in the chairman's statement with the annual report which is due to be posted on or about June 4—but at the time of the half-year results it was pointed out that during the year to last March the group was being helped by coal export contracts that had been negotiated before the downturn in the market.

It was also getting the benefits of forward exchange contracts entered into at favourable rates. However, Amcoal warned that these favourable circumstances would not be repeated in the current year with the result that profits from coal exports were expected to be "significantly lower" than in 1983.

On the other hand, the group considered that further growth in its domestic business would assist in countering the adverse conditions in coal export markets.

Amcoal with its huge coal reserves has an impressive long term growth potential. But with the near term difficulties in export markets the shares seem high enough at £161 to give a yield of 5 per cent.

**Barrick and Camflo in merger**

CANADA'S Barrick Resources, Camflo Mines and Bob-Clare Investments have agreed in principle on a merger. Shares in the amalgamated corporation will be given to Barrick shareholders in the ratio of one-for-one while holders of Camflo will receive substantially restructured shares for every one held in Camflo.

Bob-Clare shareholders will receive preference shares convertible into approximately one per cent of the common shares of the amalgamated corporation.

The plans also envisage Barrick making a private share placing at \$22.10 (£11.7) per share, this raising some C\$30m. The indebtedness of the amalgamated corporation will be substantially restructured so that C\$40m of Camflo's existing debt will be converted into a 6-year loan.

Marco Resources plans to develop a gold mine with a daily milling capacity of 5,000 tons of ore at its 50 per cent owned property in San Bernardino county, California. The other partners are Peppa Resources and Public Resources, each with a holding of 25 per cent.

One reserves are so far put at 198.5m tons grading 0.147 ounces (4.6 gram/tons) gold per ton and 1.01 oz silver per ton. Development costs are estimated at between U.S.\$55m and \$60m and first production is expected by the summer of 1986.

**SHARE STAKES**

Diamond Stylus—Mr Michael Clark agreed to purchase 600,000 ordinary from Mr G. Kendall-Jackson, a director.

Mog Robinson Group—the Kuwait Investment Office now holds 11.1 per cent of the ordinary shares.

King and Shaxson—Courtauld's Pensions Common Investment Fund has increased its holding of ordinary by 175,000, making total 750,000. Shares are held in the name of Courtauld's CIP nominees.

Realty—Coleman Milne acquired a further 300,000 ordinary, making total holding 3.8m (27.1 per cent).

Rentokil—Sophus Berendsen has acquired 150,000 ordinary shares, increasing total holding to 106,34m (55.50 per cent).

Memory Computer—Standard Life Assurance Co now holds 5.5 per cent of ordinary share capital.

Sumrie Clothes—Mr Harvey Michael Ross has reduced his holding by 36,000 shares.

Festus—Westpool Investment Trust on May 4 acquired 500,000 ordinary shares to bring its aggregate interest to 4.46m (9.66 per cent). Westpool also has aggregate interests in the deferred ordinary shares of 1.19m (12.72 per cent).

Television Services International—Mr D. Binney, a director, disposed of 75,000 ordinary shares reducing his total holding to 300,000 shares (1.4 per cent).

Hillards—Mr R. J. Dowds, a director, sold 12,000 ordinary shares, reducing his holding to 130,000 shares.

Expamet International—Mr J. G. Beasley, acquired 25,000 beneficial shares, increasing his beneficial holding to 389,544.

Slag Furniture—Mr J. D. Redford, a director, disposed of 34,735 ordinary shares (0.450 per cent).

MME Facilities—Crown International has acquired 100,000 shares (7.8 per cent).

Jones Stroud—Mr D. L. Jones, a director, sold 25,000 shares.

Plantation and General Investment—Mr J. W. Malins, a director, has acquired 15,000 beneficial ordinary shares.

Television Services International—Mr John Page, a director disposed of 300,000 ordinary shares, reducing his total holding to 2.7m (12.3 per cent), and Mr Andrew Lee, a director, sold 425,000 ordinary shares, altering his total holding to 9.2m (41.7 per cent).

Moviem—Securities Management Trust (Kuwait Investment Office), disposed of 100,000 ordinary shares, altering his total holding to 1,960m shares (7.713 per cent).

Diamond Stylus—Mr D. E. Coatup has sold 7,834 ordinary shares.

Oetopus Publishing—Mr T. Clode, a director, disposed of 25,000 beneficial ordinary shares.

Greycote City Offices—G. A. Wilson, a director, has sold 250,000 ordinary shares.

Anglia Television Group—D. T. Puttnam, a director, has acquired a non-beneficial interest in 13,139 non-voting "A" shares reducing his total holding to 300,000 shares (1.4 per cent).

Hillards—Mr R. J. Dowds, a director, sold 12,000 ordinary shares, reducing his holding to 130,000 shares.

Expamet International—Mr J. G. Beasley, acquired 25,000 beneficial shares, increasing his beneficial holding to 389,544.

posed of a total of 450,000 shares for 483p per share. The shares were placed with institutional clients of the company's stockbrokers. Immediately following the disposals, the trustees remained interested in 516,654 shares (7.06 per cent). In addition London Mercantile Investments, a company controlled by the trustees, is interested in 670,066 shares (9.16 per cent). Accordingly, immediately following the above disposals, the trustees and LME remained interested in a total of 1,186,730 shares (16.22 per cent).

Geo Willis and Sons (Holdings)—Following purchase of a further 240,000 shares, Walter Investments, Rotterdam, is now the beneficial owner of a total of 503,800 shares (8.36 per cent). The shares will be registered in the name of English shareholders Nominees.

Camford Engineering: Omas-Faulkners have sold 1,274m ordinary (6.7 per cent) and no longer have a notifiable holding.

MME Facilities—Crown International Products has acquired 600,000 ordinary (8.5 per cent).

Windsor Securities (Holdings)—Mr R. N. B. Beattie, a director, has disposed of 25,000 ordinary, Hestair—Mr S. M. Wallis, a director, has disposed of 35,000 ordinary, reducing his holding to 5,000.

E. Upton and Sons—Messrs Dawson and Sutherland have purchased a further 15,000 ordinary increasing their holding to 102,500.

Vectis Stone Group—Bardon Hill Quarries has acquired a further 100,000 ordinary, increasing its holding to 1,120,000 (8.05 per cent). Mr A. H. Birchall, a director, has disposed of 2,000 ordinary.

**ESSELTE**  
AKTIEBOLAG  
NOTICE OF ANNUAL GENERAL MEETING

Notice is given to the shareholders of Esselte Aktieföretag that the Annual General Meeting of the Company will be held at 4.30 p.m. on Thursday, May 24th, 1984 at the offices of the Company at Sundbybergsgögen 1, Solna, Sweden.

In addition to the matters to be dealt with at the Annual General Meeting in accordance with the Swedish Companies Act and the Articles of Association, a resolution will be proposed to the Annual General Meeting to authorize the Board of Directors to issue convertible bonds and/or bonds comprising options to subscribe for new shares in the Company without first offering any of such bonds to the existing shareholders in accordance with the 5th Chapter 2nd § of the Swedish Companies Act.

The Board of Directors will also propose a resolution that the record date by which shareholders in the Company must be registered by VPC in a register of shareholders or a list maintained in accordance with the 3rd Chapter 12th § of the Swedish Companies Act in order to participate in the dividend authorized by the Annual General Meeting will be Tuesday, May 29th, 1984. Should the Annual General Meeting adopt this resolution the date for dispatch of dividends by VPC to those shareholders who are registered with VPC on the record date is estimated to be Wednesday, June 6th, 1984.

In order to be entitled to participate in the Annual General Meeting a shareholder must have been registered with VPC not later than Monday, May 14th, 1984. A shareholder who has had his/her shares registered in the name of a nominee must have temporarily registered those shares in his/her own name with VPC not later than Monday, May 14th, 1984 in order to be entitled to vote at the Annual General Meeting.

Further, in order to take part (whether in person or by proxy) in the Annual General Meeting, a shareholder must give notice to the Company not later than 4.00 p.m., Monday, May 21st, 1984, in writing to Esselte AB, Box 1371, S-171 27 Solna, Sweden, or by telephone: Stockholm 37 27 60. If by the aforementioned time a shareholder has provided the Company with a power of attorney, giving authority to exercise the voting rights of the shareholder at the Annual General Meeting in accordance with the 9th Chapter 2nd § of the Swedish Companies Act, the shareholder shall be deemed to have duly given notice for participation in the Annual General Meeting.

Solna, May 4th, 1984  
Board of Directors

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**Over-the-Counter Market**

1983-84	Company	Ord.	Price	Change	Gross Div. (%)	Yield (%)	Fully Paid (%)
142	120	Ass. Brit. Ind. CULS	144	+	10.0	6.8	10.1
143	117	Ass. Brit. Ind. CULS	124	+	6.1	5.8	17.7
76	51	Airsprung Group	82	+	7.2	2.2	13.4
38	21	Armstrong & Rhodes	328	+	3.5	6.8	6.3
23	14	Bardax	53	+	16.7	10.3	—
58	53	Brey Technologies	201	+	5.7	1.1	—
201	197	CCL Ordinary	231	+	17.5	17.0	—
152	117	CCV New Gov. Ptd Ord	152	+	6.0	8.8	36.4
540	100	Carborundum Abrasives	530	+	17.5	17.0	—
249	100	Candico Group	103	+	16.0	8.8	36.4
65	25	Deborah	68	+	4.3	4.4	13.6
222	75	Frank Horell	230	+	6.7	4.3	8.4
203	75	Frank Horell Pr Ltd 87	201	+	14.6	—	—
89	32	George Blair	35	+	14.6	—	—
80	46	Ind Precision Castings	30	+	14.6	13.8	17.2
2185	2150	Isla New Gov. Ptd Ord	2150	+	150.0	6.8	—
365	134	Isla Conv Pref	365	+	17.1	4.7	—
124	61	Jackson Group	123	+	4.5	3.7	12.1
255	180	James Burrage	252	+	4.2	1.0	30.5
425	275	Manibus Holding NV	334	+	20.0	20.8	11.2
178	87	Robert Jenkins	97	+	6.7	—	4.7
120	51	Torday & Caville	73	+	10.2	8.2	8.2
444	385	Travian Holdings	438	+	5.8	5.8	6.2
36	17	Unitech Holdings	33	+	5.8	6.2	7.3
152	85	White Alexander	83	+	5.8	6.2	9.7
278	220	W. S. Yates	245	+	17.1	7.0	5.9

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SECTION III - INTERNATIONAL MARKETS FINANCIAL TIMES

Wednesday May 16 1984

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WALL STREET

Rally under way but nerves stay

A SUCCESSFUL rally was staged by Wall Street's sorely battered bond market yesterday after the savage losses of the last week, writes Terry Byland in New York.

There was, however, little indication of any change of mood among the major institutions, nor of any lessening in the gloom regarding the outlook for interest rates.

In the stock market, oil issues came in for scattered buying support as the market took the view that Mobil will be allowed to proceed with its \$5.7bn offer for Superior Oil.

The Dow Jones industrial average closed 0.21 down at 1,150.86.

The first of the week's batch of data from the Commerce Department indicated that the U.S. economy is still expanding at a fast pace.

The rally in bonds was helped by the

\$4.5bn standby facility accorded to Continental Illinois by the other major U.S. banks, which has eased fears of forced selling in the credit markets.

Wall Street was also encouraged by President Reagan's moderation of the Administration's recent line towards the Federal Reserve.

In the stock market, oil issues came in for scattered buying support as the market took the view that Mobil will be allowed to proceed with its \$5.7bn offer for Superior Oil.

The closing Wall Street report, updated U.S. market monitors and late Canadian prices were unavailable because of continuing industrial action at the Financial Times' printers in Frankfurt.

The Federal Trade Commission was due to rule overnight on Mobil's \$42 a share offer.

Mesa Petroleum, the takeover weapon forged by Mr Boone Pickens, eased 5/8 to 17 1/2 after announcing that it would repurchase the equity of Mesa Royalty Trust, which was sold off to Mesa Petroleum stockholders four years ago.

KN energy, a Colorado-based natural gas utility, gained 3/8 to 35 1/2 on rumours that Mr Pickens might bid but the activity could have been mistaken.

Also active among oil stocks were Exxon at 42 1/2 and Tenneco at 41 1/2, both showing gains of 3/4.

Gains among the market leaders were small, and often trimmed by profit-takers, who were quick to step in when the market faltered.

Airlines, which have followed an erratic course, returned to favour, led by USAir, 5/8 better at \$29.

A recovery of 1 1/2 took Matsushita to \$78 1/2 after the selling of the previous session which followed the rout in Tokyo.

In the credit market, the short end looked happier after the standby help for Continental Illinois.

The market's new key bond at the long end, the 13 1/2 per cent of 2014, moved up 1/8 to 98 1/2 to yield about 13.52 per cent.

At midsession, \$2.1bn of bonds from the Federal Home Loan Banks were priced on favourable yields ranging from 12 to 13.7 per cent.

LONDON

Bae blasts skyward but Thorn hurt

THE POSSIBLE marriage of Thorn EM1 and British Aerospace captured imaginations in London late yesterday and diverted attention from other leading shares, most of which were struggling to hold a modest extension of Monday's technical recovery.

News of the discussions was flashed on market screens at 3pm. It immediately triggered a rush of buying orders for BAE which soared to 322p, up 85p.

Its weakness took about 1 1/2 points off the FT Industrial Ordinary index but it still closed 4 higher on the day at 878.0.

After a cautious opening, the recently beleaguered market in British funds adopted a slightly more cheerful tone.

Another relatively steady performance by bullion stimulated a modest rally among South African golds.

Chief price changes, Page 38; Details, Page 39; Share information service, Pages 40-41.

HONG KONG

A TECHNICAL reaction to Monday's Hong Kong slide enabled the Hang Seng index to recoup 15.35 at 924.07 and brought muted but widespread gains in thin trading.

Properties showed Cheung Kong 25 cents up at HK\$8.25 and Hongkong Land 5 cents better at HK\$3.02.

National Australia led banks down, off 13 cents at AS3.62.

STABILITY in bullion values allowed a vigorous recovery by Johannesburg gold shares, restoring most of Monday's losses, but other sectors showed no immediate inclination to follow.

President Steyn added R3.50 to R63 and Driefontain R1 to R44, while among more quietly traded mining financials Amgold firmed R1.50 to R14.50.

Elsewhere, Tongaat Hulett's and Sage Holdings each dipped 10 cents to a respective R11.60 and R8.30.

CANADA

EARLY gains by Toronto metal mining issues began quickly to be eroded, while the energy and transport sectors continued on their downward path.

An equally dull performance developed in Montreal, although with some support indicated among utilities and banks.

EUROPE

Strikes at forefront in Frankfurt

A CALMER mood emerged in Frankfurt yesterday as investors stood back from the market, deterred by the prospects of deepening industrial unrest in West Germany.

A brief early bout of buying contributed to a 0.7 rise to 1,004.1 in the mid-session-calculated Commerzbank index.

Motor manufacturers continued to be at the centre of attention as strikes continued at key component suppliers in the Stuttgart area.

VW slid 80 pf to DM 188.50 as its Audi subsidiary said it would have to halt assembly lines at two plants in southern Germany as early as Friday if the strikes continued.

BMW, which had already announced a halt to production at four Bavarian plants from tomorrow, fell DM 3.90 to DM 376.10.

In the broader market, concern about rising U.S. interest rates and continued speculation about a rise in the Lombard rate tomorrow contributed to the minimal level of turnover.

Steel company Hoehns shed 30 pf to DM 113.70 as it announced 1983 group net profit of DM 516.4m.

The D-Mark's firmer tone against the dollar helped domestic bond prices to hold at generally unchanged levels, balking a week-long slide.

Shares finished generally mixed to lower in Zurich in limited activity.

Bond prices fell back ahead of the results, after the market close, of the Government's new 8 1/2 per cent state loan.

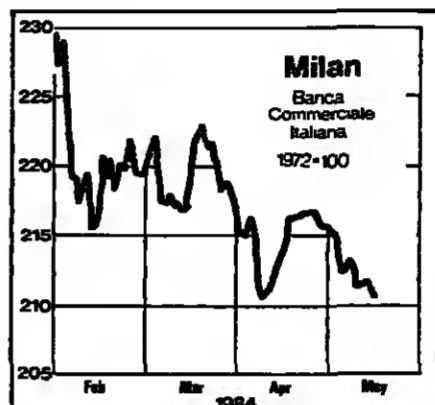
Brussels also ended mixed with virtually the only strong performance coming from market leader Petrofina, which added Bfr 40 at Bfr 6,040 in heavy volume.

Stockholm turned lower with declines being posted by most leading shares.

The view among some Paris investors that the market's recent downturn had been overdone, spurred selective demand in moderately active trading.

Poclair, the troubled construction equipment company, added 30 centimes to Ffr 45.50 as it announced a higher than forecast group loss of Ffr 236m for 1983.

Trading became modest in Milan after an unusually brisk start which was attributed to Fiat's announcement after Monday's market close of nearly doubled 1983 profit and its plans for a capital increase.



Fiat rose L125 to L4,325 while IFI, which has a controlling interest, added L135 to L5,240.

La Centrale was unchanged at L1,755, as Nuovo Banco Ambrosiano considered selling its 47 per cent controlling stake in the financial holding subsidiary.

Expectations in Amsterdam of good first-quarter earnings from Royal Dutch, due tomorrow, boosted the oil group 90 cents to Fl 159.10.

Bond prices fell back ahead of the results, after the market close, of the Government's new 8 1/2 per cent state loan.

Shares finished generally mixed to lower in Zurich in limited activity.

Bonds were mixed in quiet trading with many investors choosing to remain out of the market until a clearer interest rate trend emerges.

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Stockholm turned lower with declines being posted by most leading shares.

TOKYO

Erratic day ends on firm side

STIMULATED by investment trust and other institutional purchasing, the Tokyo market staged a modest rally yesterday after the steep plunge of the previous day, writes Shigeo Nishiura of Jiji Press.

The Nikkei-Dow market average performed erratically. It fell 84.71 points early in the day, later surged 81.13, and finally settled at 10,804.54, up 41.20.

Concern over the previous day's decline combined with an overnight dip on Wall Street to spark light selling in early trading.

Among other negative factors was the increasing margin debt that had swollen Y9.9bn to a record Y2,738.6bn at the end of last week.

Among blue-chip issues to rally on light buying were Toyota Motor, up Y60 to Y1,390; NEC, Y20 to Y1,230; Kyocera, Y210 to Y5,460; and Fanuc, Y350 to Y8,450.

Other trading centred on speculatives, with Mochida Pharmaceutical scoring a maximum allowable daily gain of Y500 to Y5,470 on its development of an anti-cancer drug.

The strong interest in speculatives indicated investor concern about the market outlook, said one analyst.

The bond market was depressed by the overnight weakness of U.S. bond prices.

The yield on the benchmark 7.5 per cent government bonds due January 1983 climbed to 7.36 per cent at one point in dull trading from 7.35 per cent, but closed lower at 7.35 per cent on buying by trust banks and institutional investors.

KEY MARKET MONITORS



STOCK MARKET INDICES

Table of stock market indices including New York, London, Tokyo, Australia, Austria, Belgium, Canada, Denmark, France, West Germany, Hong Kong, Italy, Netherlands, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, and World Capital Int. It includes columns for May 15, Previous, and Year ago.

CURRENCIES

Table of currencies including U.S. Dollar, Sterling, Yen, FF, Sfr, Guilders, Lira, Bfr, CS, and FT London Interbank Funding. It includes columns for May 15, Previous, and Yr ago.

INTEREST RATES

Table of interest rates including Euro-currencies, U.S. Fed Funds, U.S. 3-month CDs, U.S. 3-month T-bills, Corporate, AT & T, U.S. Treasury Bonds, U.S. Treasury Bills, Certificates of Deposit, and London Three-month Eurodollar.

FINANCIAL FUTURES

Table of financial futures including U.S. Treasury Bonds, U.S. Treasury Bills, Certificates of Deposit, and London Three-month Eurodollar.

COMMODITIES

Table of commodities including London Silver (spot fixing), Copper (cash), Coffee (May), and Oil (spot Arabian light).

Advertisement for Ireland 8% Bearer Bonds of 1984/1992. Includes the harp logo and lists various banks and financial institutions such as Commerzbank, S.G. Warburg & Co. Ltd., Deutsche Bank, Dresdner Bank, Westdeutsche Landesbank, Allianz, Bayerische Vereinsbank, Daimler, and others.



AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of American Stock Exchange Composite Closing Prices, organized by stock ticker symbols (A-Z) and including columns for stock name, price, and change.

Continued on Page 38

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Table of New York Stock Exchange Composite Closing Prices, organized by stock ticker symbols (A-Z) and including columns for stock name, price, and change.

Notes and disclosures regarding stock prices, dividends, and company information.

Advertisement for 'STAYING IN LYON?' featuring Hotel Sofitel Lyon and Grand Hotel Concorde.

WORLD STOCK MARKETS

AUSTRIA May 15 Price +/- or Schtz

GERMANY May 15 Price +/- or DM

NORWAY May 15 Price +/- or kroner

AUSTRALIA (continued) May 15 Price +/- or Aust.

JAPAN (continued) May 15 Price +/- or Yen

OVER-THE-COUNTER Nasdaq national market. 2.30pm prices

Table of over-the-counter stock prices including companies like AIG, Amgen, and various pharmaceuticals.

LONDON Chief price changes

Table of London stock price changes, including sections for RISES and FALLS.

DENMARK May 18 Price +/- or Kr

ITALY May 15 Price +/- or Lira

NETHERLANDS May 15 Price +/- or Gld

SWITZERLAND May 15 Price +/- or Fr.

HONG KONG May 18 Price +/- or H.K.

JAPAN May 15 Price +/- or Yen

SINGAPORE May 14 Price +/- or Rand

SOUTH AFRICA May 15 Price +/- or Rand

Table of stock prices for various companies.

Table of stock prices for various companies.

FRANCE May 15 Price +/- or Fr.

Table of stock prices for various companies.

Table of stock prices for various companies.

Table of stock prices for various companies.

Table of stock prices for various companies.

Table of stock prices for various companies.

Table of stock prices for various companies.

Table of stock prices for various companies.

Table of stock prices for various companies.

Table of stock prices for various companies.

CANADA

Table of Canadian stock prices.

TORONTO

Table of Toronto stock prices.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Table of American stock exchange closing prices.

Continued from Page 37

Continuation of American stock exchange closing prices.

Continued from Page 37

Continuation of American stock exchange closing prices.

Continued from Page 37

Continuation of American stock exchange closing prices.

Continued from Page 37

Continuation of American stock exchange closing prices.

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Continuation of American stock exchange closing prices.

Continued from Page 37

Continuation of American stock exchange closing prices.

Continued from Page 37

Continuation of American stock exchange closing prices.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Main table of American stock exchange closing prices for various companies.

WORLD VALUE OF THE DOLLAR every Friday in the Financial Times

Handwritten Arabic text at the bottom of the page.

LONDON STOCK EXCHANGE

MARKET REPORT

British Aerospace shoot up on Thorn EMI approach as equities continue recovery

Account Dealing Dates
\*First Declared Last Account
Dealings Date Dealings Day
Apr 30 May 16 May 11 May 21
June 4 June 14 June 11 June 25

The possible marriage of Thorn EMI and British Aerospace captured imaginations late and diverted attention away from other leading shares, most of which were struggling to hold modest extensions of Monday's technical recovery.

Clearers revive
Clearing banks revived confidence being restored by the steady recovery of Continental Bank of Chicago.

Bakers Household leap
Having risen 18 on Monday following fairly aggressive buying, Bakers Household leapt 31 on Tuesday.

FT-ACTUARIES SHARE INDICES
These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, TUES MAY 15 1984, Mon 14, Fri 11, Times 10, Wed 9, Year ago (approx.). Rows include CAPITAL GROUPS (282), Building (10), Construction (32), Electronics (27), etc.

Table with columns: PRICE INDICES, Time May 15, Day's Change, Mon 14, Fri 11, Times 10, Wed 9, Year ago (approx.). Rows include British Government, 1-5 years, 5-15 years, etc.

FINANCIAL TIMES STOCK INDICES

Table with columns: Government Secs, Fixed Int., Industrial Ord., Gold Mines, Ord. Div. Yield, Earnings Yld (Full), P/E Ratio (ind), Total Bargains (Est), Equity Turnover (%), Equity Bargains, Shares traded (mln).

HIGHS AND LOWS S.E. ACTIVITY

Table with columns: Govt. Secs, Fixed Int., Ind. Ord., Gold Mines, High, Low, Since Close, S.E. Activity, Daily Bargains, Daily Values, Daily Turnover, Daily Shares.

Among other secondary issues, French Connection reflected speculative support in a thin market and closed 13 higher at 36p.

BTR below best
Still reflecting the chairman's optimistic statement at the 4th BTR meeting, BTR encountered further demand and touched 490 before drifting back on occasional profit-taking.

Gold rally
Another relatively steady performance by bullion, which traded within narrow limits throughout the day before recovering to a modest rally.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, Vol., Last, Vol., Last, Stock. Rows include GOLD, SILVER, ARM C, ARM B, AKZO C, etc.

Monday, Randfontein rallied 24 to £100, while other top-quality stocks to gain over a point.

Among Leisure issues, Hawley Group subsidiary Black and Edgington rose 5 to 106p.

Secondary issues provided the noteworthy movements in Procter's Chatterfield rose 5 to 38p, after 39p, in response to the increased annual income and property revaluation.

Leading oils firm

Strong North Sea and Middle East crude oil prices on the European spot market in response to heightening Middle East tension sparked off renewed demand for the oil majors which closed with useful gains throughout.

MONDAY'S ACTIVE STOCKS

Table with columns: Stock, Price, Day's Change. Rows include Bakers Household, British Aerospace, P & O, etc.

LONDON TRADED OPTIONS

Table with columns: Option, July, Oct., Jan., July, Oct., Jan. Rows include LASHO, Lonrho, P & O, etc.

RECENT ISSUES

EQUITIES

Table with columns: Issue Price, Amount, Date, Stock, High, Low, Change, % of P.E. Ratio. Rows include Assco Brit Ports, Biotechnology Inv, etc.

FIXED INTEREST STOCKS

Table with columns: Issue Price, Amount, Date, Stock, High, Low, Change, % of P.E. Ratio. Rows include 8.18 10/25, 9.77 05/1, etc.

"RIGHTS" OFFERS

Table with columns: Issue Price, Amount, Date, Stock, High, Low, Change, % of P.E. Ratio. Rows include 400 F.P., 95 F.P., etc.

ACTIVE STOCKS

Table with columns: Stock, Price, Day's Change. Rows include Bakers Household, British Aerospace, etc.

NEW HIGHS AND LOWS FOR 1984

Table with columns: Stock, High, Low. Rows include Bakers Household, British Aerospace, etc.

RISES AND FALLS YESTERDAY

Table with columns: Stock, Rise, Fall, Same. Rows include British Funds, Foreign Bonds, etc.

LONDON TRADED OPTIONS

Table with columns: Option, July, Oct., Jan., July, Oct., Jan. Rows include LASHO, Lonrho, P & O, etc.

FT LONDON SHARE INFORMATION SERVICE

Need room to grow? Emigrate to Telford. The Growing State. 0952 613131

BRITISH FUNDS table with columns for Name, Stock Price, and Yield.

Five to Fifteen Years table with columns for Name, Stock Price, and Yield.

Over Fifteen Years table with columns for Name, Stock Price, and Yield.

Undated table with columns for Name, Stock Price, and Yield.

Index-Linked table with columns for Name, Stock Price, and Yield.

CORPORATION LOANS table with columns for Name, Stock Price, and Yield.

COMMONWEALTH AND AFRICAN LOANS table with columns for Name, Stock Price, and Yield.

LOANS table with columns for Name, Stock Price, and Yield.

Public Board and Ind. table with columns for Name, Stock Price, and Yield.

Financial table with columns for Name, Stock Price, and Yield.

FOREIGN BONDS & RAILS table with columns for Name, Stock Price, and Yield.

AMERICANS

AMERICANS table with columns for Name, Stock Price, and Yield.

BEERS, WINES—Cont.

BEERS, WINES—Cont. table with columns for Name, Stock Price, and Yield.

DRAPERY & STORES—Cont.

DRAPERY & STORES—Cont. table with columns for Name, Stock Price, and Yield.

ENGINEERING—Continued

ENGINEERING—Continued table with columns for Name, Stock Price, and Yield.

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY, TIMBER AND ROADS table with columns for Name, Stock Price, and Yield.

ELECTRICALS

ELECTRICALS table with columns for Name, Stock Price, and Yield.

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) table with columns for Name, Stock Price, and Yield.

CANADIANS

CANADIANS table with columns for Name, Stock Price, and Yield.

BANKS, HP & LEASING

BANKS, HP & LEASING table with columns for Name, Stock Price, and Yield.

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS table with columns for Name, Stock Price, and Yield.

DRAPERY AND STORES

DRAPERY AND STORES table with columns for Name, Stock Price, and Yield.

FOOD, GROCERIES, ETC

FOOD, GROCERIES, ETC table with columns for Name, Stock Price, and Yield.

Hire Purchase, Leasing, etc.

Hire Purchase, Leasing, etc. table with columns for Name, Stock Price, and Yield.

BEERS, WINES & SPIRITS

BEERS, WINES & SPIRITS table with columns for Name, Stock Price, and Yield.

ENGINEERING

ENGINEERING table with columns for Name, Stock Price, and Yield.

HOTELS AND CATERERS

HOTELS AND CATERERS table with columns for Name, Stock Price, and Yield.

BEERS, WINES & SPIRITS

BEERS, WINES & SPIRITS table with columns for Name, Stock Price, and Yield.

ENGINEERING

ENGINEERING table with columns for Name, Stock Price, and Yield.

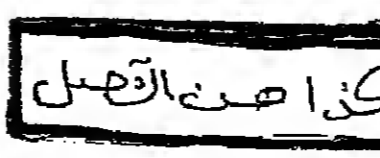
HOTELS AND CATERERS

HOTELS AND CATERERS table with columns for Name, Stock Price, and Yield.

HOTELS AND CATERERS

HOTELS AND CATERERS table with columns for Name, Stock Price, and Yield.

Large table of stock prices and yields for various companies, including sections for AMERICANS, BEERS, WINES, DRAPERY & STORES, ENGINEERING, and INDUSTRIALS.





INDUSTRIALS—Continued

Table of industrial stocks including companies like BHP, Anglo American, and various mining and resource firms. Columns include High, Low, Stock, Price, and % Change.

LEISURE—Continued

Table of leisure and consumer goods stocks including companies like Unilever, Nestle, and various food and beverage firms.

PROPERTY—Continued

Table of property and real estate stocks including companies like British Land, Guinness, and various real estate investment trusts.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including various funds and trusts such as the British Venture Fund and others.

OIL AND GAS—Continued

Table of oil and gas stocks including companies like Shell, BP, and various energy and utility firms.

MINES—Continued

Table of mining stocks including companies like Anglo American, De Beers, and various metal and coal mining firms.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like Rolls Royce, BHP, and various automotive and aerospace firms.

Motors and Cycles

Table of motor and cycle stocks including companies like Honda, Yamaha, and various motorcycle and car manufacturers.

Commercial Vehicles

Table of commercial vehicle stocks including companies like Ford, Iveco, and various truck and van manufacturers.

Components

Table of component stocks including companies like Bosch, Delco, and various automotive parts manufacturers.

Garages and Distributors

Table of garage and distributor stocks including companies like Halfords, Halfords, and various automotive retailers.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including companies like News International, News Corp, and various media firms.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks including companies like Newsprint, Newsprint, and various media and advertising firms.

TEXTILES

Table of textile stocks including companies like British Textiles, British Textiles, and various textile manufacturers.

TOBACCO

Table of tobacco stocks including companies like British American Tobacco, British American Tobacco, and various tobacco firms.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including various investment trusts and financial institutions.

PROPERTY

Table of property stocks including various real estate investment trusts and property companies.

INVESTMENT TRUSTS

Table of investment trusts including various funds and trusts such as the British Venture Fund and others.

FINANCE, LAND, ETC

Table of finance, land, and other stocks including various financial institutions and investment firms.

OIL AND GAS

Table of oil and gas stocks including companies like Shell, BP, and various energy and utility firms.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including companies like De Beers, De Beers, and various precious metal firms.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including companies from various European countries and Ireland.

LEISURE

Table of leisure and consumer goods stocks including companies like Unilever, Nestle, and various food and beverage firms.

PROPERTY

Table of property stocks including various real estate investment trusts and property companies.

INVESTMENT TRUSTS

Table of investment trusts including various funds and trusts such as the British Venture Fund and others.

OIL AND GAS

Table of oil and gas stocks including companies like Shell, BP, and various energy and utility firms.

DIAMOND AND PLATINUM

Table of diamond and platinum stocks including companies like De Beers, De Beers, and various precious metal firms.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including companies from various European countries and Ireland.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Albany Unit Trust, British Equities, and others, with columns for name, manager, and performance metrics.

FT UNIT TRUST INFORMATION SERVICE

Main table of unit trusts including Crown Unit Trust Services Ltd, Gower (John) Unit Trust, and many others, providing detailed financial data and contact information.

Table listing insurance companies and their services, including AA Plenary Society, British Life Assurance Co Ltd, and others.

Table listing insurance companies under the heading 'Insurance - continued', including Albany Life Assurance Co Ltd and others.

Table listing insurance companies and their services, including British Life Assurance Co Ltd, Prudential Assurance Co Ltd, and others.

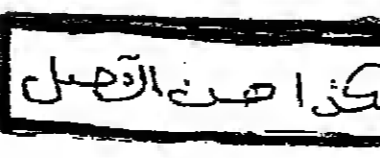
Table listing insurance companies and their services, including AA Plenary Society, British Life Assurance Co Ltd, and others.

F.T. CROSSWORD PUZZLE No. 5417

Crossword puzzle grid with clues for Across and Down, including 'Kidnap the sailor on the tube' and 'Impressed by a stockholder perhaps'.

Table listing insurance companies and their services, including British Life Assurance Co Ltd, Prudential Assurance Co Ltd, and others.

Table listing insurance companies and their services, including British Life Assurance Co Ltd, Prudential Assurance Co Ltd, and others.



INSURANCE & OVERSEAS MANAGED FUNDS

Main table containing financial data for various insurance and overseas managed funds, including company names, fund names, and numerical values.

OFFSHORE AND OVERSEAS

Table listing offshore and overseas managed funds with their respective details and values.

NOTES section providing additional information and disclaimers regarding the fund data.

COMMODITIES AND AGRICULTURE

Current crop potato futures jump again

THE PRICE of current crop potatoes on the London futures market rose sharply again yesterday as supplies from last year's weather-reduced crop edged nearer exhaustion. The May delivery quotation, the last remaining position for 1983 crop supplies, rose £18.80 to £27.80 a tonne, up £44.80 from a week ago. Traders believe supplies from the 1983 crop, which was affected by wet weather at planting time and drought throughout much of the growing season, are sufficient only for another week or so. After that there will be a gap of several weeks until new crop supplies start arriving from Spain and Egypt. Old crop potatoes are still available but these are being held back to supply makers of crisps and chips, for which process new potatoes are not suitable.

U.S. may sell off quality maize held since boycott

U.S. Department of Agriculture officials are considering a proposal to sell off quality maize stored since President Jimmy Carter's ill-fated trade boycott against the Soviet Union in 1980. Several million bushels have been deteriorating in commercial warehouses. Unless these are soon sold for feed they must be thrown away eventually, the officials fear. The grain would be sold to exporters on competitive-bid basis. In a meeting with representatives of agricultural trade and export groups Mr D. G. Amstutz, Agriculture Undersecretary, said the move would help the U.S. become more price-competitive with other grain-exporters. The European Community has been selling destinted bread-wheat for feed. Australia has been selling some of its large wheat stocks for feed purposes. USDA officials hope that by selling cheaper grain total U.S. exports will be boosted. Some analysts, however, believe the sales could displace U.S. feed grains in the world market. They say demand is limited for low-quality grain. Mr Amstutz has asked the exporters, most of whom are exceeding a conference in California this week, to comment on the proposal before USDA makes a final decision. It is unclear precisely how much government-owned grain would be available.

South Africa overflows with milk surplus

John Empson on drought-hit farmers' use of cows to convert failed harvests to cash

EAST OF Johannesburg, out into the Transvaal, is what is normally some of the richest maize-growing land of South Africa. Now the flat, undulating countryside is brown, following three months' drought. Occasionally a crop of more resistant sorghum stands out in contrast to thin standings of maize or bare stubbles. At Ermelo, about 155 miles from the city, is the up-to-date milk-operative factory of Nations Co-operative Dairies, producers' group that brodes a quarter of the country's milk. The manager of the dairy does not, however, recount a tale of drought-depleted milk supplies. In fact he has been receiving as much milk as his plant can handle and his problem is how to stretch his factory's fresh water ration to do the job. His worker store is full and a month ago skim milk was temporarily wasted in neighbouring Natal for want of a plant to

touch on this point when he said that the milk industry did fulfil her export obligations to the world last year. The exports at 200m kg were a little more than the annual average 200m kg. All major foreign buyers had been expecting that the ban would be lifted at about this time. The minister has, however, warned that the Government would keep a careful watch on the situation for the first few days to see whether undue increases in domestic prices were taking place. He has been expecting that the ban would be lifted at about this time. The minister has, however, warned that the Government would keep a careful watch on the situation for the first few days to see whether undue increases in domestic prices were taking place. He has been expecting that the ban would be lifted at about this time.

Shortage boosts coffee

COFFEE PRICES on the London futures market moved up again yesterday to reach 6-year highs, with the July position ending 550.50 up on the day at £2,522 a tonne. It is the absence of fresh fundamental news, dealers attributed the advance to the continuing shortage of quality supplies for nearby delivery. FARMERS should be made to pay rates in the same way as other commercial and industrial interests, the National Association of Local Councils says. NALC has adopted re-arranging of agriculture as part of its policy because it feels rural local government needs extra locally-based income. CAL INVESTMENTS has launched a fund to put resources in copper without members becoming directly involved in the market. Copper Trust, a sterling denominated non-discretionary offshore unit trust established in the Isle of Man, will allow private investors to take an interest in the market for a £500 minimum. VEGETABLE exports by sea in 1984 are expected to be next winter. They will include an estimated 80,000 tonnes of celery, iceberg-lettuce and Chinese leeks—three times last year's quantity—and 70 per cent will come to Britain, according to Agrexco, Israel's horticultural marketing agency. UK consumption of salad vegetables is growing the fastest in Europe and most winter supplies come from Israel and Spain. Most of Israel's extra output is coming from land brought under cultivation in a drive to earn more foreign exchange. BAUKITE mining operations in the Dominican Republic will be closed by Aluminium Company of America because there is no longer need for the rare in the world market, Charles Parry, chairman, told the company's annual meeting.

Indian tea prices rise sharply

PRICES FOR CTC (crush tear and curl) tea in the London market rose sharply at the Calcutta auctions this week, rising by Rs 2 to Rs 3 to reach an average of Rs 33 a kilogramme. This signalled a market of more foreign exchange earnings. It would provide the industry with the necessary encouragement to increase production. Mr Daga estimates that this year's crop could be about 630m kg. Another leading tea-planter felt that apart from being an action most appropriately timed, the measure would restore foreign tea-buyers' confidence in India as a source of purchases. In announcing the decision at the annual meeting of the Indian Tea Association last weekend the Commerce Minister

Machine loads 5,000 broiler chickens an hour

AUTOMATION has come to the delicate art of chicken catching. A machine which can load 5,000 broiler chickens into transporters has been introduced. The machine is known as the Tamdev APS 2000. It was designed and is being built in Northern Ireland. It will provide manufacturing employment in the Province with a target of 300 jobs in the Lishburn factory at full production. Loading broiler chickens has until now been both inefficient and unpleasant. What the industry calls downgrading and most people would call injuries is estimated to cost UK producers £30m a year. The machine has, therefore, pleased

PRICE CHANGES

Table with columns for commodity names (Aluminum, Copper, Lead, Tin, Zinc, Nickel, Wheat, etc.) and price changes for May 15 and 16, 1984.

BRITISH COMMODITY PRICES

Table with columns for commodity names (Copper, Tin, Zinc, Nickel, Wheat, etc.) and prices for May 15 and 16, 1984.

AMERICAN MARKETS

Table with columns for commodity names (Cotton, Wool, Soybean Meal, etc.) and prices for May 15 and 16, 1984.

LONDON OIL

Prices opened a shade steadier but moved quickly back to unchanged. Strength in New York crude and gas took the market to the high end of the range. Oil prices are under pressure as prices and the market closed on the lows, reports Premier

COCOA

Charter and trade buying, following a technical correction after the previous day's decline, lifted prices late in the day. Expectations of a 100,000-130,000 tonne world deficit for 1983-84 added to the bullish tone.

INDICES

Table showing various financial indices (REUTERS, MOODY'S, DOW JONES) for May 15 and 16, 1984.

GOLD MARKETS

Gold rose \$1 to \$374.37 on the London bullion market. It opened at \$373.37 and was fixed at \$373.35 in the morning, and \$373.25 in the afternoon. The metal touched a low of \$372.37, and a peak of \$373.74.

LEAD

Lead—Morning: Cash £19.5, 19, three months £23.25, 24.5, 25. Three months £23.25, 24.5, 25. Afternoon: Three months £23.25, 24.5, 25. 26.50, 26.50, 25.50. Karb: Three months £23.25, 25. Turnover: 12,225 tonnes. U.S. Spot: 26.25 cents a pound.

MEAT/FISH

MEAT COMMODITIES—Average fat-stock prices of representative markets. Fat-stock prices per cwt kg live weight (170 lb). CB—Pigs 66.50 per kg live weight.

LONDON FUTURES

Table showing London futures prices for commodities like Gold, Silver, and Platinum for May 15 and 16, 1984.

ZINC

Zinc—Morning: Cash £90, 89, three months £97, 97, 98.50. Afternoon: Cash £90, 89, 90.50, 91.50, 92.50. Karb: Three months £97, 97, 98. Turnover: 18,525 tonnes. U.S. Prime Western: 92.75 cents a pound.

SOYABEAN MEAL

The market opened slightly easier, reports T. C. Roddick. Heavy shipping selling eased prices further during the day.

EUROPEAN MARKETS

PARIS, May 15. Sugar—(FF per tonne): Aug 1380/1382, Oct 1452/1457, Oct 1568/1570. May 164, June 179, July 185, Aug 160/160. Cocoa—(FF per 100 kg): May 2240/2250, July 2280/2285, Sept 2330/2341, Dec 2210/2215, Mar 2195/2205, May 2215/2220.

GRAINS

Business done—Wheat: May 124.00, 3.30, July 126.25-5.80, Sept 107.80-7.35. May 119.80-10.20, Aug 113.85-4.00, Nov 119.80-10.20, Dec 113.85-4.00. Turnover: 1,768 tonnes.

SUGAR

COVERT GARIBOLDI—Prices for the bulk of produce, in sterling per package unless otherwise stated. Cof's 0.18-0.32. Bimley 0.20-0.28. Pains-Per pound, Conference 0.13-0.26. White-sugar—1st 0.80, 2nd 0.75, 3rd 0.70. Apples—Per pound, 0.80-1.00. Apples—Per pound, 0.80-1.00. Apples—Per pound, 0.80-1.00.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar eases in thin trading

The dollar was slightly easier in London yesterday... Sterling was slightly weaker overall in rather quiet and featureless trading...

The D-mark remained quite firm at the Frankfurt fixing... The Bundesbank sold \$8m at the fixing when the dollar declined to DM 2.7537 from DM 2.7875...

The D-mark remained quite firm at the Frankfurt fixing... The Bundesbank sold \$8m at the fixing when the dollar declined to DM 2.7537 from DM 2.7875...

EMS EUROPEAN CURRENCY UNIT RATES. Table with columns for currency, unit, and rate.

FINANCIAL FUTURES

Volume declines

Trading volume continued to decline on the London International Financial Futures Exchange as the recent mood of panic went out of the market...

opened weaker, in line with the equivalent Chicago close... The contract fell to a low of 87.86 on an opening level of 88.04...

LONDON. Table with columns for contract, price, and volume.

CHICAGO. Table with columns for contract, price, and volume.

THE POUND SPOT AND FORWARD

Table showing pound spot and forward rates for various currencies.

THE DOLLAR SPOT AND FORWARD

Table showing dollar spot and forward rates for various currencies.

OTHER CURRENCIES

Table listing exchange rates for various international currencies.

CURRENCY MOVEMENTS

Table showing percentage changes in currency values.

CURRENCY RATES

Table listing specific currency exchange rates.

EXCHANGE CROSS RATES

Table showing cross rates between different currencies.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for Euro-currency deposits.

MONEY MARKETS

UK interest rates were slightly easier yesterday... The Bank of England forecast a shortage of around £150m...

MONEY RATES

Table showing money market rates for various locations.

LONDON MONEY RATES

Table showing London money market rates.

UK rates slightly easier

UK interest rates were slightly easier yesterday... The Bank of England forecast a shortage of around £150m...

MONEY RATES

Table showing money market rates for various locations.

LONDON MONEY RATES

Table showing London money market rates.

Volume declines

Trading volume continued to decline on the London International Financial Futures Exchange...

LONDON. Table with columns for contract, price, and volume.

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Volume declines

Trading volume continued to decline on the London International Financial Futures Exchange...

LONDON. Table with columns for contract, price, and volume.

NOW, LIVE FROM CHICAGO, THE LATEST PRICES!

If you trade futures, here's great news: Prestel CitiService now supply the latest US prices automatically fed by satellite direct from Chicago and New York.

Table showing various market indices and prices, including FTSE 100, S&P 500, and others.



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BARCLAYS OVERSEAS INVESTMENT COMPANY B.V.

U.S. \$350,000 Guaranteed Floating Rate Notes due 2004. In accordance with the Trust Deed dated 2nd March, 1984...

Malayan Banking Berhad

US \$60,000,000 Negotiable Floating Rate Dollar Certificates of Deposit due 1987 Tranche C.

ASEROS DE FINANZAS, S.A. DE C.V. Short term Notes Issued in Series Under a U.S.\$300,000,000 Note Purchase Facility Agreement.

NOTICE OF PREPAYMENT

The Bank of Yokohama Limited (Incorporated in Japan with Limited Liability) U.S. \$10,000,000 Floating Rate Certificate of Deposit.

CITICORP OVERSEAS FINANCE CORPORATION N.V.

£100,000,000 GUARANTEED FLOATING RATE NOTES DUE 1991. Unconditionally guaranteed by CITICORP.

U.S.\$300,000,000 - SERIES 26 ASEROS DE FINANZAS, S.A. DE C.V. Short term Notes Issued in Series Under a U.S.\$300,000,000 Note Purchase Facility Agreement.

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for May 15.

Table of international bond issues including columns for Country, Issue Name, Maturity, and Price. Includes sections for U.S. Dollar, Deutsche Mark, Swiss Franc, and other currencies.

Table of international bond issues for the Yen market, listing various Japanese government and corporate bonds.

Table of international bond issues for the Pound Sterling market, listing various UK government and corporate bonds.

Table of international bond issues for the Deutsche Mark market, listing various German government and corporate bonds.

Table of international bond issues for the Swiss Franc market, listing various Swiss government and corporate bonds.

Table of international bond issues for the Australian Dollar market, listing various Australian government and corporate bonds.

Table of international bond issues for the Hong Kong Dollar market, listing various Hong Kong government and corporate bonds.

Table of international bond issues for the New Zealand Dollar market, listing various New Zealand government and corporate bonds.

Table of international bond issues for the South African Rand market, listing various South African government and corporate bonds.

Table of international bond issues for the Canadian Dollar market, listing various Canadian government and corporate bonds.

Table of international bond issues for the Mexican Peso market, listing various Mexican government and corporate bonds.

World Bank joins in \$60m Brazilian loan

Final details of the facility are still under negotiation but participants in the facility are expected to receive an annual fee of 1% per cent and the operation is to be included in the \$6.5bn new money to be provided by commercial banks for Brazil this year.

Samurai bond debut for United Technologies

UNITED Technologies made its debut in the Samurai bond market yesterday with a ¥15bn, five-year issue bearing a coupon of 7 per cent and led by Daiwa Securities.

OVER-THE-COUNTER

Large table of over-the-counter stock prices for various companies, organized by industry sectors like Chemicals, Electronics, and Industrial.

Advertisement for AMERITECH, American Information Technologies Corporation, listing common stock on Swiss Stock Exchanges.

Advertisement for Bell Atlantic, listing common stock on Swiss Stock Exchanges.

Advertisement for NYNEX Corporation, listing common stock on Swiss Stock Exchanges.

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